Consolidated Gold Fields Limited

LABORE ET SCIENTIA

84th ANNUAL REPORT

1971

Consolidated Gold Fields Limited

Incorporated in the United Kingdom

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Consolidated Gold Fields Limited will be held at The Chartered Insurance Institute 20 Aldermanbury London EC2, on Tuesday, 23 November 1971 at 11 am, to receive the report of the Directors and the accounts for the year ended 30 June 1971 and the report of the auditors thereon, to authorise the Directors to determine the remuneration of the auditors, and:

As ordinary business to consider and, if thought fit, to resolve:

1 That a final dividend of 4.4p per share, less tax, be declared on the Ordinary shares.

2 That the following be re-elected Directors of the Company:

(*a*) Major-General J H S Bowring

(*b*) Viscount Caldecote

(*c*) Lord Denman

(*d*) Mr M Maclachlan

By order of the Board
J R Stewardson
Secretary

30 October 1971

Notes

Holders of Ordinary shares, who alone are entitled to attend and vote at the meeting, may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a member of the Company.

For the convenience of Ordinary shareholders who may be unable to attend the meeting, a form of proxy is enclosed with this Report which should be completed and returned so as to reach the Company's office stated thereon not less than forty-eight hours before the time fixed for the meeting. The fact that Ordinary shareholders may have completed forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so.

Holders of Ordinary share warrants to bearer who wish to be present or represented at the meeting may obtain the necessary information regarding the formalities to be complied with and forms of proxy from the registered office of the Company.

The following will be available for inspection at the registered office of the Company during usual business hours on any weekday (Saturdays excluded) and at The Chartered Insurance Institute 20 Aldermanbury London EC2 on 23 November 1971 from 10.45 am until the conclusion of the Annual General Meeting:

i the register of Directors' interests;

ii copies of contracts of service between the Directors and the Company or any of its subsidiaries.

Annual Report 1971

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Throughout this Report all tonnages shown are metric

Gold

Traditionally, newly mined gold has been largely used as an addition to the monetary reserves of central banks. Since the war, however, the non-monetary uses of gold have been growing, and in the early 1960s the Western world's central banks found that, at the monetary price of $35 per ounce, they were frequently selling more gold for industrial and decorative uses, and for hoarding and speculation than they were receiving from the world's gold mines. This demand reached a peak after the sterling devaluation of November 1967, when the private market absorbed 3,000 tons of gold in five months, largely purchased by speculators who anticipated an increase in the monetary price. In order to conserve their gold stocks, the central banks in March 1968 discontinued their sales other than to fellow central banks, and at the same time decided that virtually all newly mined gold should be made available to meet non-monetary demand.

For these reasons the non-monetary markets for gold suddenly became of extreme importance to the Western world's gold mines, whose output was sold in the new "free" market in which the price fluctuated in accordance with supply and demand. At that time, however, there were no established statistics indicating the uses for gold and Consolidated Gold Fields, therefore, embarked upon a programme of market research in order to estimate the normal commercial pattern of consumption. We also attempted to identify the main "hoards" of gold in order to find out where and why hoarding had taken place, and how hoarders were likely to react in future. The research revealed that, whereas, in 1968, the output of gold in the free world amounted to approximately 1,300 tons a year, the offtake for jewellery and by industry was approximately 1,270 tons per annum. Net demand for hoarding in bar form varied from about 60 to 600 tons a year and speculators were holding some 2,400 tons.

The agreement by the central banks in March 1968, which led to the establishment of the free market, disappointed the speculators and during the following three years the main feature of the market was the steady liquidation of their holdings. By June 1971 these holdings were estimated to have fallen by some 1,800 tons to about 600 tons.

During this period industrial and jewellery uses of gold continued to grow, and in 1970, despite the United States' recession and the reduction in consumer spending in many countries, total demand for fabrication rose to 1,418 tons. Of this, about three-quarters was made into jewellery, and, in order of importance, electronics, dentistry, coins, medallions and miscellaneous minor uses accounted for the remainder. Consumption for jewellery was predominantly in Europe and the United States, whilst the other large market was India/Pakistan, where social customs built up over centuries provide for significant gifts of gold on marriage. This metal is not normally re-sold, except in emergency, but is handed down and re-fashioned.

A detailed analysis of these various end uses and markets suggests that the demand for gold for fabrication will increase by approximately 4% per annum in the next ten years. There is still some net long-term hoarding of gold bars, but it is now quite small and is not expected to grow.

Whilst Western world mine production is still rising slowly, it appears almost to have reached its peak and will probably begin to decline within the next five years. The substantial period that must elapse between initial exploration and output from new gold mines makes it extremely unlikely that new gold mining areas not already known will contribute significantly to free world supply before 1980.

We thus foresee a steady growth of gold demand and a shortage of supply, with insufficient speculative stocks available to keep the market supplied for more than a year or two. A balance between supply and demand would necessitate a continuous rise in the free market price and this would be accentuated if inflation continued at current rates.

Directors

J D McCall	**Chairman**
R A Hope G J Mortimer MBE M E Rich	**Deputy Chairmen**
Major-General J H S Bowring CB OBE MC W J Busschau The Rt Hon the Viscount Caldecote DSC J B Davis The Rt Hon the Lord Denman MC The Rt Hon the Lord Erroll of Hale PC TD Sir George Harvie-Watt BART TD DL QC A Louw H A Mackay M Maclachlan J B Massy-Greene W Mason Smith J R A M Storar R L Whiting A R O Williams OBE	**Directors**
Robert Annan	**Honorary President**
J R Stewardson	**Secretary**
49 Moorgate London EC2R 6BQ	**Registered Office**
Lloyds Bank Limited Registrar's Department The Causeway Goring-by-Sea Worthing Sussex	**Registrar**

Group offices overseas

Australia

Consolidated Gold Fields Australia Limited
Gold Fields House Sydney Cove Sydney
Chairman – J B Massy-Greene

Canada

Newconex Holdings Limited
Toronto-Dominion Centre Toronto
President – W A Robinson DSO

South Africa

Gold Fields of South Africa Limited
75 Fox Street Johannesburg
Chairman – A Louw

United States of America

Gold Fields American Corporation
Bankers Trust Building 280 Park Avenue New York
President – J H Nicholls

Report of the Directors

The Directors present their Report and the audited accounts for the year ended 30 June 1971.

Interests

The Company's principal activities cover mining finance, exploration and development, the promotion of mining and industrial companies, investment and the management and administration of subsidiary and associated companies.

Group operations are summarised on pages 10-23. A list of principal subsidiaries, and of Group interests where the equity interest exceeds 10%, appears on pages 38-39. Other Group interests are shown on page 40.

Group profit and loss account

Group revenue for the year amounted to £34.5 million, a decrease of £2.7 million compared with the previous year. The sources from which it arose are shown in the tabulation which appears on page 37.

Net revenue from mining and quarrying companies decreased by £2.1 million and from industrial and commercial companies by £0.9 million, the effect of which was partly offset by a small increase in fees and sundry revenue. There was no significant change in dividend income nor in profit on realisation of investments.

The decrease in Group revenue was largely accounted for by Mount Lyell, the profits of which were affected by reduced copper prices, and by American Zinc, which suffered a substantial operating loss due to lower selling prices coupled with higher costs. Taken together, these two companies accounted for a decrease in mining revenue of £2.9 million, which was partly offset by an improvement of £1.1 million in the profits achieved by the Amalgamated Roadstone group.

The net revenue from the industrial and commercial companies fell from £3.1 million to £2.2 million principally due to a loss having been incurred by Buell (the assets of which were sold during the year) and to lower profits of the Tennant Group.

The profit of the Group, after deducting expenses and interest on debentures and loans, but before taxation, amounted to £24.6 million compared with £27.7 million.

After deducting taxation and the interest of outside shareholders, the net profit attributable to the members of the Company showed a decrease of £0.6 million at £12.0 million.

The sum of £5.5 million has been transferred to reserves and £6.3 million is required to meet the cost of dividends. Unappropriated profits carried forward amount to £1.0 million.

In addition to incurring an operating loss of £2.0 million during the year, which, as already indicated, has been charged in the Group profit and loss account, American Zinc made provision of £8.1 million in its accounts for extraordinary losses anticipated on the disposal of certain assets and closure of unprofitable operations. The proportion of this provision attributable to Consolidated Gold Fields amounted to £5.0 million and has been dealt with by writing down the book value of the Group's interest in the equity of American Zinc by a similar amount. This sum, together with depreciation on other investments, has been charged against Investment and Exploration Reserve and is further referred to below.

Group balance sheet

Capital

The authorised and issued capital remained unchanged at £25.0 million and £22.6 million respectively.

Reserves

The reserves of the Group not available for distribution at £49.3 million showed an increase of £2.0 million, of which £1.0 million arose from the revaluation of freehold property in South Africa.

A total of £8.5 million, including £3.0 million from General Reserve, was transferred to Investment and Exploration Reserve, whilst charges against this reserve amounted to £7.8 million. Of this, the writing down of the Group's interest in American Zinc accounted for £5.0 million, a further £1.4 million resulted from adjustments in the value of investments in non-subsidiary companies and £0.7 million related to exploration projects. The balance of £0.7 million was largely attributable to writing down the interest in certain mining subsidiaries in Australia. The Investment and Exploration Reserve has thus been strengthened from £4.8 million to £5.5 million.

Total reserves arising from profit retentions now stand at £14.6 million as compared with £17.0 million at the end of the previous year.

Outside shareholders' interests

The interest of outside shareholders in the capital and reserves of subsidiary companies decreased by £3.6 million to £28.7 million. American Zinc, of which approximately 40% of the equity is held outside the Group, accounted for a reduction of £4.1 million and this was partly offset by the profit retentions of other subsidiaries.

Debentures and loans

The Group total decreased by £3.3 million to £49.1 million principally due to further repayment of short term bank loans by the Parent Company.

Deferred liabilities

The increase of £3.0 million is attributable to additional sums set aside to avoid fluctuations in taxation charges.

Capital employed

As a result of the above changes the capital employed by the Group decreased by £4.3 million to £180.0 million.

Assets

Fixed assets before depreciation increased by £11.2 million to £139.9 million. Net capital expenditure by certain of the Company's mining subsidiaries in Australia and by Amalgamated Roadstone and Wheal Jane in the United Kingdom accounted for most of this increase.

The nature of the Group's activities is such that no realistic assessment can be made of the market value of property held for mining purposes. Estimates have been made in respect of the Group's other properties but the excess of their market value over book value is not regarded as significant in relation to the total value of Group assets.

The total book value of investments amounted to £71.8 million, compared with £64.3 million at the end of the previous year. These investments have been included at or under cost and, where quoted, in no case above stock exchange value.

Of the increase of £7.5 million, the sum of £5.0 million related to quoted holdings and included a £2.2 million subscription in the rights issue made by East Driefontein.

The stock exchange value of the quoted investments at 30 June 1971 was £159 million compared with £147 million a year earlier.

Net current assets at £25.1 million decreased by £12.8 million. Information showing the source and application of Group funds is given on page 35.

Group assets, taking stock exchange values for quoted investments, but excluding special export finance debtors, amounted to £326 million. The percentage distribution of these assets in various areas of the world is shown on page 37.

Dividends

The Directors recommend a final dividend of 4.4p per Ordinary share. With the interim dividend of 2.9p paid in May this makes a total of 7.3p per share for the year compared with an equivalent of 7.29p per share paid in respect of the previous year. If the dividend is approved at the Annual General Meeting it will be paid on 3 December 1971 to holders of Ordinary shares registered in the books of the Company on 5 November and to holders of Coupon No. 108 detached from share warrants to bearer.

Extraordinary General Meeting

An Extraordinary General Meeting will be held following the forthcoming Annual General Meeting and the attention of Shareholders is drawn to the circular and notice enclosed with this Report. The purpose of the Meeting is to consider resolutions for the adoption of new Articles of Association and a share incentive scheme.

For the most part, the new Articles of Association have been prepared to bring them into line with latest modern practice and details of the proposals in respect of this matter and of the share incentive scheme are set out in the enclosed circular.

Additional information

During the year under review goods to the value of £24.3 million were exported from the United Kingdom by Group companies. This figure relates to only a small part of the Group's business, the major part of which is concerned with operations

overseas. In addition, overseas companies in the Group imported from the United Kingdom goods to the value of £3.5 million.

Information relating to subscriptions and donations, Group turnover and Directors' interests is given on pages 30, 36 and 41, which are to be regarded as part of this Report.

Staff

The average number of persons employed by Group companies in the United Kingdom was 7,368 and their aggregate remuneration for the year amounted to £11.7 million. Most of the Group's activities are conducted outside the United Kingdom and, in addition to those in this country, some 82,400 persons were employed by overseas offices and subsidiaries and by associated companies administered by the Group.

The Directors have pleasure in expressing their appreciation of the loyal services rendered by the officers and employees of the Group both at home and overseas.

Directors

Major General J H S Bowring, Viscount Caldecote, Lord Denman and Mr M Maclachlan retire by rotation and offer themselves for re-election.

Auditors

Messrs. Turquand, Youngs & Co., Chartered Accountants, have signified their willingness to continue in office as auditors.

By Order of the Board
J R Stewardson
Secretary 30 October 1971

Salient features

from the accounts of the Group

	1971 £'000	1970 £'000	1969 £'000
Group operating profit	24,616	27,775	23,344
Taxation	9,624	10,479	8,678
Net profit for the year			
after tax and outside shareholders' interests	12,068	12,717	11,086
per ordinary share *	13.91p	15.28p	14.22p
Ordinary dividends			
cost to the Company	6,292	6,284	5,662
per share *	7.3p	7.29p	7.17p

Shareholders' funds			
Issued capital and reserves	86,600	87,000	74,500
Capital employed			
Shareholders' funds, outside shareholders' interests, debentures and loans and deferred liabilities	180,000	184,300	167,500
Fixed assets	83,000	82,100	74,000
Net current assets	25,100	37,900	27,800
Quoted investments			
book value	59,500	54,500	57,100
stock exchange value	159,400	147,000	169,000

*Adjusted in respect of increases in capital

Group operations Southern Africa

View of surface installations at East Driefontein.

Gold Fields of South Africa Limited and West Witwatersrand Areas Limited

Group profit before tax of the wholly-owned subsidiary Gold Fields of South Africa for the year ended 30 June 1971 was £2.6 million compared with £3.2 million the previous year. An increase in dividend income was more than offset by a lower profit on realisation of investments, decreased profits from the industrial companies, and higher operating expenses. Due, however, to a reduced taxation charge the net group profit of £2.1 million was lower by only £200,000.

Profit after tax of West Witwatersrand Areas at £3.5 million was £700,000 lower than in the previous year when there was an exceptional surplus of £800,000 on realisation of investments. The dividend, costing £2.8 million, was unchanged. At 30 June 1971, the market value of its quoted investments was £87.5 million, compared with £62.8 million the previous year, reflecting the general increase in gold mining share prices as at that date.

The shareholders of West Witwatersrand Areas, in which the Group's beneficial interest at 30 June 1971 was 42%, have been asked to agree to a proposal to merge, with effect from 1 July 1971, the business of West Witwatersrand Areas with that of Gold Fields of South Africa.

The merger will create a new and substantial South African based mining finance house, maintaining the name of Gold Fields of South Africa. It will be responsible for the promotion, financing and administration of the activities of the Gold Fields Group in southern Africa and will also provide managerial and technical services to a large number of mining, investment, finance and industrial companies, in all of which the Group will continue to have direct or indirect interests.

Gold

Gold production of the Group mines rose by 4% to 6.3 million ounces, due to increases at Kloof, Libanon and West Driefontein, and aggregate working profit, including premium sales, was again a record at £44.0 million. Taxation and State's share of profit absorbed £20.2 million and total distributions to shareholders were a record at £15.2 million.

The free market price of gold moved in the range of $37 to $39 per ounce for the greater part of the year. However, since last May there has been a significant increase and a record price

Family housing scheme for African miners on the West Wits Line.

of $44.10 was reached just before the international monetary crisis arising from the announcement by the President of the United States in August 1971 of various economic measures which included the suspension of the convertibility of U.S. dollars into gold.

West Driefontein Gold Mining Company Limited
This mine (Group beneficial interest 21%) is the world's largest producer of gold. Production increased by over 8% to 2.9 million ounces.

Working revenue amounted to £44.8 million, resulting in a record working profit of £27.3 million. The dividend was increased from 58p to 63p per share, costing £8.9 million.

Recovery of the eastern section of the mine has been delayed because the volume of water in the Bank compartment has proved greater than estimated. To facilitate dewatering of the flooded mine workings, waterways were developed on 4 and 6 levels at No.4 shaft, to divert water to the mine's pump stations and to the pump station in the North shaft of the East Driefontein mine. It is expected that No. 4 shaft will be available for rock hoisting in January 1972.

Both the new uranium plant and acid plant were commissioned during December 1970 and are now operating satisfactorily.

Kloof Gold Mining Company Limited
This company (Group beneficial interest 24%) increased production by nearly 11% to 1.1 million ounces and working profit was higher at £6.8 million. The company increased its distribution to 4.7p on each Ordinary share and combined unit, amounting in total to £1.4 million, and repaid £630,000 of its loan indebtedness.

In June a serious underground fire adversely affected production. The fire has since been sealed off to enable production to return to normal.

Libanon Gold Mining Company Limited
The yield of 8.7 dwt per ton from this mine (Group beneficial interest 11%) was again higher. Working profit of £4.4 million was a further record as was the dividend of 21.6p per share which cost £1.7 million.

Doornfontein Gold Mining Company Limited
Gold production by this mine (Group beneficial interest 19%) declined slightly to 723,000 ounces and working profit was lower at £3.1 million. The company reduced its dividend to 12.25p per share.

East Driefontein Gold Mining Company Limited
Capital expenditure from the start of operations at this developing mine (Group beneficial interest 27%) amounted to £23.8 million up to 30 June 1971. During the year approximately £17.5 million was raised by means of a rights issue.

Because of the delay in dewatering the Bank compartment, East Driefontein is not expected to resume development and stope preparation in the North shaft area until January 1972. No. 1 shaft was sunk and equipped to a final depth of 5,030 feet during the year and preliminary development has commenced from this shaft.

Platinum

Through its holdings in the Waterval and Union Platinum companies, the Group's beneficial interest in Rustenburg Platinum Mines Limited, the world's largest producer, remained at 21%.

Rustenburg's profit after tax for the year ended 31 August 1971 amounted to £11.3 million compared with £19.8 million the previous year, and dividends were reduced to £5.2 million. However, dividends received by the Group in its financial year from its investment in Rustenburg were not affected.

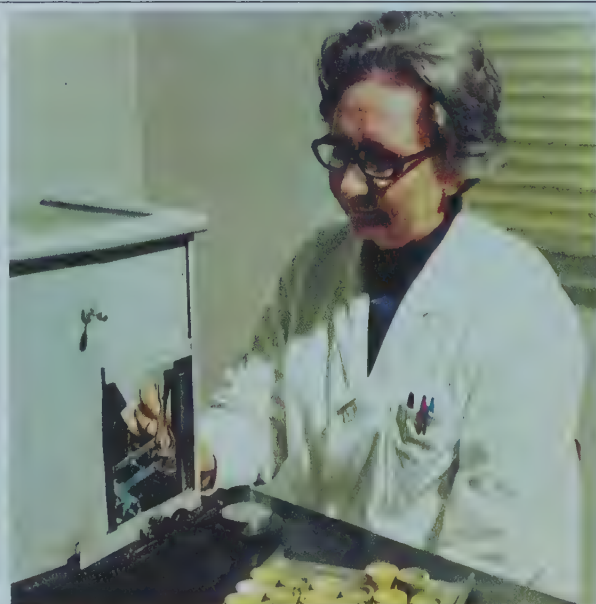
Due to a material reduction in demand for platinum during the year, Rustenburg's expansion programme, designed to increase capacity to 1.3 million ounces of platinum per annum, was suspended and production was cut back in February. At the same time Rustenburg reduced its selling price from £54.25 to £50 per ounce. Subsequently, in September the company announced its intention to reduce production further to approximately 500,000 ounces per annum.

Vanadium and zinc

The South West Africa Company, Limited (Group beneficial interest 29%) increased its profit before tax from £387,000 to £767,000. Mining profit at £518,000 was £411,000 higher than in the previous year, but dividends from the company's holding in Tsumeb Corporation Limited were 19% lower.

Kiln Products Limited (Group beneficial interest 37%) achieved a profit before interest charges of

New uranium plant at West Driefontein.



Assayer at West Driefontein weighing gold obtained from a reef sample.

£144,000 compared with a loss of £74,000 the previous year despite some further mechanical and metallurgical difficulties.

Zinc Corporation of South Africa Limited (Group beneficial interest 30%) overcame its earlier operational problems and net profit for the company's financial year to 31 December 1970 was £76,000 compared with a loss in the previous year. In the first six months of 1971 sales and profits continued to improve.

Coal

Apex Mines Limited (Group beneficial interest 25%) made a working profit of £485,000 for the year to 30 June 1971 compared with £510,000 in the previous year due to lower demand for certain types of coal and higher operating costs. The company has agreed to participate in a contract to supply the Japanese steel industry with 3.7 million tons of coking coal from its Greenside Colliery over ten years from 1976.

Tin

The Rooiberg Minerals Development Company Limited (Group beneficial interest 25%) increased production by 10% to 1,449 tons of tin in concentrates. Working profit, however, was lower by £149,000 at £616,000 due to increased working expenditure and lower tin prices, but the dividend was increased by 11%. During the year, this company acquired the assets of the nearby Vellefontein Tin Mining Company Limited.

Production at Union Tin Mines Limited (Group beneficial interest 18%) fell by 9% to 319 tons of tin in concentrates, due to the lower grade of ore mined. Working profit was £63,000 compared with £172,000 the previous year. The flotation plant to recover additional tin from the tailings of the present treatment process was commissioned in April 1971.

Base metal and minerals investment

Vogelstruisbult Metal Holdings Limited (Group beneficial interest 60%) paid an unchanged dividend of 2.9p per share. On the capital as increased in the previous year the distribution amounted to £447,000 compared with £188,000.

Sales of phosphate rock by Glenover Phosphate Limited (Group beneficial interest 80%) were lower during the year due to a reduction in demand from the sole purchaser of the mine's output; working profit thus fell from £159,000 to £111,000.

Zwartkloof Fluorspar Limited (Group beneficial interest 69%) experienced mechanical and metallurgical difficulties during the year. Additional plant is being installed to meet the

Installation of a stope support at a Group mine.

Zinc concentrates being loaded at Kiln Products in South West Africa.

Tin-wolfram open pit operation in the Namib Desert in South West Africa.

shortfall in milling capacity, thus enabling concentrates to be produced at the designed rate.

Exploration

West Wits completed its programme of exploration in the Deelkraal area, the potential of which is being assessed.

Boskop Areas (West Wits) Limited, a subsidiary of West Wits, announced that its diamond drilling programme had indicated it was improbable that payable reefs at mineable depths would be found in the Boskop area in the western Transvaal. All exploration in the area has therefore been terminated.

During the year Gold Fields of South Africa continued to investigate a number of base metal and non-metallic mineral prospects.

Mining finance, industrial and property

New Witwatersrand Gold Exploration Company Limited (a mining finance company in which the Group beneficial interest is 49%) increased its consolidated profit after tax by 10% to £1.0 million. Dividend distribution amounted to £573,000.

Consolidated profit after tax of G.F. Industrial Holdings Company Limited (Group beneficial interest 82%) was £282,000 compared with £449,000 the previous year. In July 1970 the company's 75% interest in the Rubber and Wheel Group was exchanged for a 17% share interest in The South African Rubber Manufacturing Company Limited. During the year the company purchased at a cost of £219,000 a 56% interest in the Alucab Group which manufactures aluminium conductors. The other companies under the control of G.F. Industrial Holdings manufacture locomotives, mining and rock handling equipment and other engineering products.

New Durban Gold and Industrials Limited (Group beneficial interest 60%) is the Group's principal property holding company in southern Africa. Its consolidated profit after tax increased by 86% to £249,000. Considerable progress has been made in the development of residential land owned by this company and its subsidiaries.

Australasia

Mining mineral sands at the Jerusalem Creek property of Associated Minerals on the east coast of Australia.

Consolidated Gold Fields Australia Limited

The Group's principal interests in Australia and New Zealand are held through Consolidated Gold Fields Australia Limited, in which the Group interest is 68%.

Consolidated profit before tax amounted to £10.7 million, a decrease of 17% compared with the previous year. Results were affected by lower world market prices for copper and tin as well as by increased operating costs.

After deducting tax of £4.4 million and minority interests of £1.8 million, net profit amounted to £4.5 million compared with £5.7 million in 1970. Dividends declared rose by 17% to £2.2 million.

Ilmenite, rutile and zircon

Production of rutile at Associated Minerals Consolidated Limited (Group beneficial interest 41%), the world's largest producer of rutile and zircon, fell slightly to 119,100 tons compared with 125,400 tons in the previous year. Zircon production showed a marginal increase at 112,700 tons. Profit before tax was unchanged at £1.4 million.

Western Titanium NL (Group beneficial interest 56%) produced 287,700 tons of ilmenite and secondary minerals, including zircon, in the year ended 30 June 1971. Profit before tax was £530,000. During the year, the company announced that substantial reserves of heavy minerals, including a significant tonnage of rutile, had been discovered in the Eneabba area of Western Australia, approximately 170 miles north of Perth. However, title to these deposits is currently the subject of litigation.

WesternTitanium maintained its research and development work on the large scale production of upgraded ilmenite. Sales of this material produced in the present small scale plant continued to be made to pigment manufacturers.

Iron ore

Consolidated Gold Fields Australia has an equal share with Cyprus Mines Corporation and Utah Development Company in the Mount Goldsworthy joint venture which mines high grade ore 70 miles east of Port Hedland in Western Australia.

Shipments of iron ore during the year were 6.9 million tons compared with 5.9 million tons

Above: view of the township of Mount Goldsworthy in Western Australia.

Below: dredging the new berth at Finucane Island in Western Australia where Mount Goldsworthy iron ore is loaded.

A selection of die-castings manufactured by Lawrenson Alumasc. They include TV frames, parts for motor vehicles and lawn mowers.

Shaft sinking at the Mount Lyell mine in Tasmania.

the previous year, bringing the total tonnage shipped since operations started in 1966 to 23.8 million. The proportion of profit before tax attributable to Consolidated Gold Fields Australia in respect of this venture was £3.5 million for the year. The programme of expansion to increase output to an annual production of 8 million tons by 1973 is continuing on schedule.

Towards the end of the year, Consolidated Gold Fields Australia and its partners in Mount Goldsworthy announced that they had signed a Joint Venture Agreement whereby they each acquired an interest of 11% in the exploration and development of McCamey's Monster, Western Ridge and adjacent iron ore deposits in the Pilbara region of Western Australia, 250 miles south of Mount Goldsworthy's current operations. Drilling of the deposits is in progress and preliminary feasibility studies will shortly commence.

Copper

The Mount Lyell Mining and Railway Company Limited (Group beneficial interest 38%) increased production of copper in concentrates by 2,400 tons to a new record of 20,700 tons. Profit before tax fell by 38% to £2.6 million due to the sharp fall in world copper prices and increases in operating costs.

Work continued on the expansion programme to raise annual copper production to approximately 25,000 tons by 1973.

Operating difficulties were encountered in the latter half of 1970 by North-West Acid Pty. Limited, in which Mount Lyell has a 50% interest, and, in consequence, sulphuric acid production during the year amounted to only 40% of capacity. Major alterations to the plant have been completed but the financial outlook is adversely affected by the world decline in sulphur prices.

Tin

The grade of ore milled improved marginally at Renison Limited (Group beneficial interest 32%) but an increase in production costs of 20% coupled with a reduction in recovery and a lower realised metal price, led to a fall in pre-tax profit to £970,000 from the previous year's record figure of £1.4 million.

Problems were encountered during the commissioning of the company's 10,000 tons per month cassiterite flotation plant, which began operations at the end of the previous year. A number of modifications have been made but additional equipment may be required to improve recovery of fine material.

Both the tonnage and grade of the ore reserves increased slightly during the year.

Coking plant at Corrimal in New South Wales.

Industrial

The combined profits before tax of Zip Holdings Limited (Group beneficial interest 35%) and Lawrenson Alumasc Holdings Limited (Group beneficial interest 34%) increased by 86% to £317,000. Much of this increase reflected product rationalisation and better trading conditions experienced by Zip in New Zealand.

Coal

Profit before tax of The Bellambi Coal Company Limited (Group beneficial interest 46%) was £305,000 compared with £80,000 in the previous year. This was mainly due to higher coke production as a result of the acquisition of Corrimal Coke Pty. Limited in April 1970 and to increases in the selling prices of coal and coke. Mining operations were adversely affected by industrial unrest, a shorter working week, higher costs, and further difficulties with the longwall mining equipment.

Mining finance

Less favourable conditions prevailed in the Australian share markets during the year, with the result that the total surplus before tax of Commonwealth Mining Investments (Australia) Limited (Group beneficial interest 41%) amounted to £1.4 million compared with £1.8 million in the previous year.

The investment portfolio of Commonwealth Mining Investments mainly comprises gold, copper, titanium, nickel, coal, iron and steel, and industrial stocks. Approximately 74% of the holdings are in Australian companies. The net asset value of the company at 30 June 1971, taking quoted investments at market value, amounted to £9.7 million compared with £12.3 million the previous year.

Exploration

Consolidated Gold Fields Australia, in partnership with Mount Lyell and Renison, continued work at Mount Tyndall in Tasmania where extensive drilling for base metals is being undertaken. Exploration by the company on its own account and in conjunction with partners is continuing in a number of other areas including Western Australia.

Canada

Newconex Holdings Limited

The Group's major interest in Canada is its 59% holding in this company which has investments in the Canadian mining, exploration, industrial and financial fields. Newconex enjoyed a successful year and paid a higher dividend.

Gains realised on investments rose from £87,000 to £530,000, of which some £327,000 stemmed from the sale on favourable terms of the majority interest in Pacific Truck and Trailer Manufacturing Limited. The total surplus before tax increased from £660,000 in 1970 to £1.0 million. The net asset value at 30 June 1971 amounted to £7.2 million, an increase of 16% over the previous year.

Vancouver Equipment Corporation Limited (Group beneficial interest 53%) had a good year, achieving higher sales and profits in spite of depressed economic conditions in British Columbia.

Newconex remained active in the field of exploration. The agreement whereby this activity is financed by Consolidated Gold Fields will terminate on 31 December 1971, and the two companies are examining proposals for an enlarged joint exploration programme in the future.

United States of America

Gold Fields American Corporation

This wholly-owned subsidiary represents the Group in the United States and holds a majority interest in the New Market zinc mine in Tennessee. It has been agreed to sell this interest to American Smelting and Refining Company as part of a deal covering the realisation of the American Zinc Company's assets under arrangements referred to more fully below.
It is estimated that Gold Fields American Corporation will receive £1.8 million from the sale.

American Zinc Company

During the year, this company (Group beneficial interest 60%) ceased producing slab zinc but remained active in zinc mining, and in the production of zinc oxides, crushed stone and ready-mixed concrete.

A combination of low prices for its products and high operating and interest costs resulted in another very poor year. Sales fell from £27.7 million to £25.8 million due to difficult trading conditions, and operating losses amounted to £2.0 million compared with £1.0 million in 1970. In view of continuing unprofitability American Zinc decided to close its smelters at East St. Louis and Dumas and to accept an offer from American Smelting and Refining Company for its remaining operating assets. American Zinc's management concluded that, under what were regarded as reasonable assumptions as to possible increases in the zinc price in the future, these assets could not be relied upon to generate sufficient cash to service the company's heavy burden of debt.

Subject to ratification by American Zinc shareholders of certain conditions of the Agreement of Sale, the company's zinc oxide, stone and mining operations (including its minority share in the New Market mine) will be sold for £9.5 million together with possible additional receipts related to the price of zinc over the next five years.

In addition, American Metal Climax has been granted an option to purchase American Zinc's East St. Louis smelter for the sum of £1.2 million. The proceeds from the sales to American Smelting and Refining and to American Metal Climax, and those arising from the disposal of certain other assets, will enable American Zinc to pay off its bank debts, which on 30 June amounted to £9.5 million, and to reduce its indebtedness of £4.5 million to other Gold Fields Group companies.

Buell Engineering Company, Inc.

This wholly-owned subsidiary operated in the field of air pollution control. Whilst sales and orders continued to rise, this was not reflected in profits. In consequence an offer for its assets, largely in shares but with a cash element, was accepted from the Envirotech Corporation, the parent company of a group supplying a wider range of pollution control equipment.

United Kingdom

Above: Wheal Jane, the Group's tin mine in Cornwall, opened by Mr. Donald McCall, Chairman of Gold Fields, on 1st October 1971.

Below left: Roads Reconstruction (Contracting), an Amalgamated Roadstone subsidiary, resurfacing part of the M4 Motorway near London Airport.

Below right: new coating plant at Amalgamated Roadstone's Blodwel quarry in Shropshire.

Quarrying and allied activities

Amalgamated Roadstone Corporation Limited, which is wholly-owned, consolidated its position as one of the leading companies in the quarrying and construction materials industry. Sales of this group amounted to £37.3 million, an increase of £6.0 million, and profit before tax was £2.8 million, after charging interest of £1.1 million. The profit represented an increase of £1.1 million over the previous year's figure.

The major share of the revenue and profit was again attributable to the aggregates section of the company which is involved in all aspects of the extraction, sizing and coating of stone from its quarries and sand and gravel pits. A proportion of the stone produced is used by the company in the manufacture of ready-mixed concrete. During the year, three new aggregates companies were acquired in order to strengthen the group's position in Oxfordshire and the West Country.

Major factors in the increased turnover and profit were the heavy demand from motorway contracts in some areas and relatively mild winter conditions; furthermore, recent capital investment enabled producing units to increase output and contain costs. Total deliveries of aggregates amounted to 17.9 million tons compared with 14.9 million tons, this increase being achieved with an almost unchanged labour force.

Roads Reconstruction (Contracting) the subsidiary engaged in road surfacing, extended its activities into Cornwall by the acquisition of a company operating in that area. ARC (Concrete) which specialises in making concrete pipes, increased its profits by over 50%.

These road surfacing and concrete manufacturing operations provide a substantial outlet for the sale of the company's own aggregates and through their profit contributions illustrate the benefits of vertical integration.

Comben Longstaff, owners and operators of small bulk carriers, added two new ships to its fleet, but profits were affected by depressed conditions in the freight market. Arcontrol (Electro-Panels) the subsidiary which designs and assembles electrical control equipment, showed a satisfactory increase in sales and profit for the year. Greenwoods Transport, which owns warehouses and operates a general haulage fleet, made considerable progress and profits were higher by 50%, reflecting improved efficiencies and increased investment in warehouse capacity.

The group's subsidiary in Eire, Concrete Pipes, was again badly affected by the strike throughout the cement industry in that country.

Amalgamated Roadstone's policy of capital expenditure for growth and low cost production was continued during the year. In addition to the acquisition of companies and the commissioning of the new ships previously referred to, there was substantial expenditure on a number of major plant projects. A new coating plant was commissioned at Blodwel quarry in Shropshire whilst enlarged facilities for handling and treating aggregates in major depots at Ardingly in Sussex and at Greenwich will be completed shortly. These depots are supplied with stone from the company's quarries in Cornwall and the Mendips. At Castle-an-Dinas in Cornwall a complete new crushing, screening and coating complex is under construction. Further reserves of stone and gravel were purchased and expenditure on mobile plant, transport and minor plant improvements continued during the year.

Total capital expenditure for replacements and expansions amounted to £6.1 million before deducting investment grants.

The company's interest in the Abelson Group, comprising freehold land and an engineering and plant hire business, was sold during the year for a sum in excess of £500,000.

Construction is well advanced on the extension and re-equipping of the group's central technical laboratory at Chipping Sodbury in Gloucestershire. Research continued to be directed towards developing new uses for the company's aggregates and a policy of strict technical control maintained the quality of products sold.

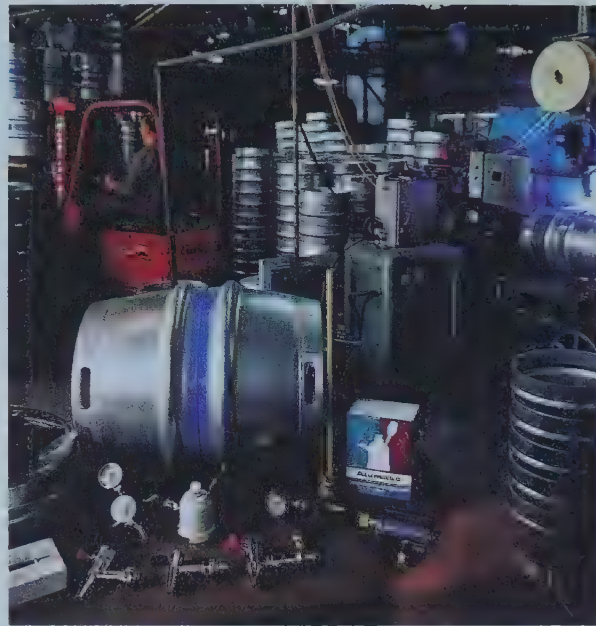
In recognition of the importance of the environment the company, through its lands department, remains actively involved in the restoration and after-use of worked out areas.

Commercial

C. Tennant, Sons & Company Limited, which is wholly-owned, earned a profit before tax of £440,000 compared with £661,000 in the previous year.

The profit before tax of Tennant Trading fell by 30% to £283,000. Whilst turnover and profits

Porthtowan sewage works, Cornwall, constructed for the Truro Rural District Council by A. H. Dingle, a subsidiary of Amalgamated Roadstone.



Barrels and components for the brewing industry manufactured by Alumasc at Burton Latimer, Northants.

from ferro alloys, chemicals, general exporting and certain selling agencies increased, this improvement was more than offset by lower turnover in metal and mineral concentrates.

The profit before tax of Tennant Guaranty rose by 34% to £216,000 after deducting the costs of establishing a new wholly-owned subsidiary, Tennant Industrial. Tennant Guaranty finances U.K. exports and achieved a substantial increase in turnover.

Industrial

The turnover of the United Kingdom industrial subsidiaries, which are wholly-owned, was slightly lower at £6.2 million compared with £6.5 million in the previous year. Combined profit before tax, however, rose from £855,000 to £981,000.

The principal company in the industrial group is Alumasc Limited which continued to show very satisfactory results. This company manufactures a wide range of products by deep drawing, high and low pressure die casting and hot pressing of non-ferrous metals including aluminium, brass, bronze and special alloys. These products are largely sold to the motor, brewing, electrical and building industries. During the year production facilities at the Burton Latimer factory were further increased. Arrangements have recently been completed to acquire the buildings and plant of a small engineering business some five miles from Kettering in order to increase machine shop facilities.

The Alumasc factory in Luxembourg, opened in the previous year, has not yet reached a profitable level of production, but the current order book augurs well for the future.

During the year the Group disposed of its interests in Ambuco Limited and Musgrove & Green Limited and the engineering division of Johnsteads Limited was closed down.

Tin

By the year-end Wheal Jane Limited, which is wholly-owned, had substantially completed construction work at its mine in Cornwall. Initial operations in the treatment plant started during July on a limited scale as planned. Mechanical and metallurgical adjustments are in progress and the treatment rate is scheduled to reach its designed level of about 150,000 tons of ore per annum later in the current financial year.

The mine was formally opened by the Chairman of Gold Fields on 1st October 1971.

Helicopter and geophysical equipment used for exploration surveys in Scotland.

The new shaft was sunk to its final depth of 1,200 feet and the re-opening of the deeper levels of the existing Clemow shaft continues.

Underground development has been concentrated in a limited area of the mining lease. The payability and grade of ore so far disclosed by this work are in line with the original ore reserve estimate of 5 million tons at better than 1% tin metal with supplementary copper and zinc.

Contracts have been entered into for the sale of the company's tin concentrates production to smelters in the United Kingdom and for the export of its copper-zinc concentrates to Sweden.

Construction and development expenditure to December 1971 is estimated at £6.0 million before the receipt of Government grants. The Department of Trade and Industry has made available to Wheal Jane, under the Local Employment Act, a five-year loan of £1.0 million for the provision of mining works, plant and working capital.

Exploration

In north-east Scotland, Exploration Ventures Limited, owned equally by Consolidated Gold Fields and Rio Tinto-Zinc, continued its long term regional survey for base metals. Field work was mainly directed towards the detailed geophysical and geological follow-up of results obtained by aerial surveys and general reconnaissance, in order to locate areas which would merit testing by drilling. Long term mineral agreements have been negotiated with over one thousand landowners.

A number of other prospecting programmes for base metals are being undertaken by Gold Fields in various parts of the United Kingdom.

The announcement by the Government in early July of the intention to introduce a scheme, whereby companies can obtain grants of 35% towards the cost of approved exploration programmes, is a further incentive to mineral exploration. Nevertheless, in the absence of legislation, the acquisition of suitable prospecting and mining rights still presents many difficulties.

Report of the auditors

To the members of
Consolidated Gold Fields Limited

In our opinion the accounts on pages 25 to 34 (incorporating the accounts of the Company's subsidiaries some of which have been audited by other firms) have been properly prepared in accordance with the provisions of the Companies Acts, 1948 and 1967, and give a true and fair view of the state of affairs of the Company at 30 June 1971 and, so far as concerns members of the Company, of the state of affairs and the profit of the Group.

Turquand, Youngs & Co
Chartered Accountants

4 Coleman Street
London EC2
8 October 1971

Group profit and loss account

year ended 30 June 1971

Consolidated Gold Fields Limited and subsidiaries

	Note	1971 £'000	1971 £'000	1970 £'000	1970 £'000
Revenue					
Dividends and interest on investments	1		9,298		9,383
Profit on realisation of investments	2		6,351		6,279
Net revenue of:					
Industrial and commercial companies			2,238		3,158
Mining and quarrying companies			11,779		13,877
Fees and sundry revenue			4,900		4,572
			34,566		37,269
Less:					
Administration, technical and general expenses		6,328		5,499	
Debenture and loan interest	3	3,622	9,950	3,995	9,494
Profit before taxation	4		24,616		27,775
Taxation	5		9,624		10,479
Net profit for the year			14,992		17,296
Attributable to outside shareholders			2,924		4,579
Attributable to the members of Consolidated Gold Fields Limited			12,068		12,717
Unappropriated profits brought forward	6		826		1,542
Available for appropriation			12,894		14,259
Appropriation to Investment and Exploration Reserve		5,497		6,825	
Dividends paid and recommended by Consolidated Gold Fields Limited–gross	7	6,372	11,869	6,364	13,189
Unappropriated profits carried forward			1,025		1,070
Earnings per Ordinary share	8		13.91p		15.28p

These accounts should be read in conjunction with the notes on pages 28 to 34

Group balance sheet

at 30 June 1971

Consolidated Gold Fields Limited and subsidiaries

	Note	1971 £'000	1971 £'000	1970 £'000	1970 £'000
Assets employed					
Fixed assets	14		83,085		82,172
Investments*	15		71,892		64,315
Current assets					
Stocks	17	18,385		21,759	
Debtors		46,599		51,019	
Cash and deposits		16,693		23,671	
		81,677		96,449	
Current liabilities					
Creditors	18	36,635		37,877	
Bank overdrafts		19,926		20,672	
		56,561		58,549	
Net current assets			25,116		37,900
			180,093		**184,387**
Financed by					
Capital and reserves					
Issued capital	19		22,689		22,689
Reserves	20		64,007		64,346
			86,696		87,035
Outside shareholders' interests			28,768		32,371
Debentures and loans	21		49,155		52,460
Deferred liabilities	22		15,474		12,521
			180,093		**184,387**

*The stock exchange value of quoted investments exceeded their book value included above by	**99,818**	**92,465**

These accounts should be read in conjunction with the notes on pages 28 to 34

Company balance sheet

at 30 June 1971

Consolidated Gold Fields Limited

	Note	1971 £'000	1971 £'000	1970 £'000	1970 £'000
Assets employed					
Fixed assets	14		312		382
Investments*	15		22,293		20,517
Subsidiary companies	16		104,393		98,115
Current assets					
Debtors		3,301		3,836	
Cash and deposits		6,347		13,929	
		9,648		17,765	
Current liabilities					
Creditors	18	7,268		7,152	
Net current assets			2,380		10,613
			129,378		**129,627**
Financed by					
Capital and reserves					
Issued capital	19		22,689		22,689
Reserves	20		82,900		81,529
			105,589		104,218
Debentures and loans	21		23,681		25,409
Deferred liabilities	22		108		—
			129,378		**129,627**
*The stock exchange value of quoted investments exceeded their book value included above by			**71,956**		**69,048**

J. D. McCall *Director*

R. A. Hope *Director*

These accounts should be read in conjunction with the notes on pages 28 to 34

Notes to the accounts

1 Dividends and interest on investments

The Group income from this source was divided as between:

	1971 £'000	1970 £'000
Quoted investments	8,720	8,930
Unquoted investments	578	453
	9,298	9,383

2 Profit on realisation of investments

This item includes £727,000 (£471,000) recovered in respect of amounts previously written off which, under the provisions of the Companies Acts 1948 and 1967, is regarded as drawn from reserves

3 Interest payable

The Group charge for the year comprised interest on:

	1971 £'000	1970 £'000
(a) Debentures and loans:		
Bank loans	1,977	2,272
Other debentures and loans:		
repayable wholly within five years	41	95
other	1,604	1,628
As shown in Group profit and loss account	3,622	3,995

(b) Bank overdrafts:
Interest payable by the Group on bank overdrafts amounted to £1,758,000 (£1,484,000)

4 Profit before taxation

Profit before taxation for the year to 30 June 1971 is arrived at after deducting an operating loss of American Zinc of £2,023,000. In addition American Zinc has made a provision of £8,136,000 for anticipated losses on disposal of certain assets and for the closure of unprofitable operations. The Group proportion of this, £4,918,000, has been charged against the Group reserves not available for distribution—see Note 20(a)

5 Taxation

The Group charge comprised:

	1971 £'000	1971 £'000	1970 £'000	1970 £'000
Overseas taxation		7,450		8,647
United Kingdom Corporation Tax at 40% (45%)		1,957		1,646
		9,407		10,293
Add: Previously underprovided	289		240	
Less: Overspill relief	72		54	
		217		186
		9,624		10,479

The United Kingdom tax charge shown above is after deducting relief in respect of double taxation amounting to £3,323,000 (£3,658,000)

Additional taxation would arise in the event of:
(a) Distribution of profits from certain subsidiary companies abroad
(b) Disposal of investments at the valuations stated

The close company provisions of the Finance Act 1965 do not apply to the Company

6 Group unappropriated profits brought forward

This item has been decreased by £244,000, resulting from variations in the interests in subsidiary companies

7 Dividends paid and recommended

	1971 £'000	1970 £'000
Preference 7% per annum	80	80
Ordinary interim dividend of 2.9p per share (2.92p) paid 21 May 1971	2,500	2,513
final dividend of 4.4p per share (4.37p) now recommended	3,792	3,771
	6,372	6,364

8 Earnings per Ordinary share

The calculation of earnings per share is based on 86,185,236 Ordinary shares in issue during the year (1970: weighted average of 82,696,049 shares) and earnings of £11,988,000 (£12,637,000) being the net profit attributable to the members of Consolidated Gold Fields Limited after providing for dividends on preference capital

9 Hire of plant and machinery

The charge to Group revenue for the year was £1,039,000 (£707,000)

10 Directors' emoluments

The total emoluments of the Directors of the Parent Company comprised:

	1971 £'000	1970 £'000
Fees, including £38,000 (£37,000) paid by subsidiary companies	69	60
Executive remuneration, including £88,000 (£113,000) paid by subsidiary companies	321	366
	390	426

The emoluments (other than pension contributions) of those Directors whose duties were wholly or mainly discharged in the United Kingdom were as indicated below:

	Number of Directors 1971	1970
Not exceeding £2,500	4	5
Between £2,500 and £5,000	1	1
Between £7,500 and £10,000	1	1
Between £10,000 and £12,500	1	2
Between £12,500 and £15,000	2	1
Between £15,000 and £17,500	1	1
Between £20,000 and £22,500	1	2
Between £22,500 and £25,000	2	–
Between £30,000 and £32,500	1	1
Between £32,500 and £35,000	–	1
Between £40,000 and £42,500	–	1
Between £50,000 and £52,500	1	–
	15	16

In 1971 the emoluments of the Chairman were £50,238. In 1970 two Directors held the post of Chairman at different times. Their remuneration was £15,364 and £34,117 respectively

Pensions paid in respect of past executive services amounted to £6,000 (£6,000)

11 Auditors' remuneration

The Group charge for the year amounted to £153,000 (£138,000)

12 Subscriptions and donations

A total of £4,343 (£2,269) was donated for charitable purposes by Group companies in the United Kingdom. Of this a considerable part was paid to organisations whose activities were closely connected with the Company's interests

13 Parent Company's profit

Of the profit of £12,068,000 (£12,717,000) attributable to the members of Consolidated Gold Fields Limited, £9,427,000 (£7,715,000) has been dealt with in the accounts of that company

14 Fixed assets

	Parent	**Group**			
	Total	Property	Mining leases and development	Plant and machinery	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation:					
At 1 July 1970	680	27,873	12,702	88,136	128,711
New subsidiaries	—	41	—	796	837
Capital expenditure	17	2,705	3,463	12,926	19,094
Arising on revaluation	—	804	—	—	804
	697	31,423	16,165	101,858	149,446
Less: Disposals	104	2,342	501	6,697	9,540
At 30 June 1971	593	29,081	15,664	95,161	139,906
Depreciation:					
At 1 July 1970	298	6,390	2,415	37,734	46,539
New subsidiaries	—	—	—	343	343
Charged to profit and loss account (1970: Group £7,752,000)	45	701	843	6,919	8,463
Additional depreciation on fixed assets of American Zinc—see Note 4	—	1,628	479	5,531	7,638
	343	8,719	3,737	50,527	62,983
Less: On disposals	62	558	327	5,062	5,947
Eliminated on revaluation	—	215	—	—	215
At 30 June 1971	281	7,946	3,410	45,465	56,821
Net balance sheet value	312	21,135	12,254	49,696	83,085

United Kingdom Investment Grants received have been applied against the cost of the fixed assets

At 30 June 1971, the fixed assets of the Group, before deducting depreciation, were made up as follows:

	£'000	£'000
At cost		135,802
By reference to valuations in the following years:		
1937	143	
1956	284	
1963	1,644	
1965	118	
1971	1,915	
		4,104
		139,906

The freehold property held by a subsidiary company in Johannesburg was revalued during the year by a member of the South African Institute of Valuers on the basis of market value

The Property of the Group comprised the following

	1971 £'000	1970 £'000
Cost or valuation:		
Freehold	26,347	25,331
Leasehold—50 years or more unexpired	228	197
Leasehold—short	2,506	2,345
	29,081	27,873

15 Investments, other than in subsidiary companies

	Parent 1971 £'000	Parent 1970 £'000	Group 1971 £'000	Group 1970 £'000
Quoted	22,003	20,139	59,590	54,580
Unquoted	125	251	10,159	8,543
Properties and ventures	165	127	2,143	1,192
	22,293	20,517	71,892	64,315
Stock exchange value of quoted investments	93,959	89,187	159,408	147,045

Quoted investments are included at or under cost but in no case above the stock exchange value at 30 June 1971. The Directors have considered it desirable to retain the book value of certain holdings below both cost and stock exchange value. Unquoted investments and properties and ventures are included at cost less amounts written off

	Parent 1971 £'000	Parent 1970 £'000	Group 1971 £'000	Group 1970 £'000
Book value of investments quoted outside the United Kingdom	2,821	2,678	21,792	17,160
Directors' valuation of unquoted investments	157	292	13,359	9,758
Proportion of surplus of stock exchange value of quoted investments over their book value attributable to outside shareholders in subsidiary companies	—	—	1,995	2,662

Amounts written off investments by the Parent Company have been charged to investment and exploration reserve. In the case of the Group investments, in addition to the amount charged to Group investment and exploration reserve—see Note 20(b)—£1,400,000 (£672,000) has been charged to outside shareholders' interests

16 Subsidiary companies

	1971 £'000	1970 £'000
Shares at cost less amounts written off	79,023	77,042
Unsecured notes at cost	397	—
Advances less provisions	25,204	22,090
	104,624	99,132
Less: Amounts due	231	1,017
	104,393	98,115

17 Stocks

Stocks, which include work in progress, are shown at the lower of cost or realisable value

18 Creditors

	Parent 1971 £'000	Parent 1970 £'000	Group 1971 £'000	Group 1970 £'000
Creditors	3,057	2,891	27,811	29,032
Taxation, including United Kingdom Corporation Tax payable 1 January 1972	419	490	5,032	5,074
Proposed final ordinary dividend — gross	3,792	3,771	3,792	3,771
	7,268	7,152	36,635	37,877

19 Capital

	1971 £'000	1970 £'000
Authorised:		
95,425,888 Ordinary shares of 25p each	23,857	23,857
679,393 7% First cumulative preference shares of £1 each	679	679
464,135 7% Second cumulative preference shares of £1 each	464	464
	25,000	25,000
Issued and fully paid:		
86,185,236 Ordinary shares of 25p each	21,546	21,546
679,393 7% First cumulative preference shares of £1 each	679	679
464,135 7% Second cumulative preference shares of £1 each	464	464
	22,689	22,689

20 Reserves

(a) Not available for distribution:

In arriving at the figure included in the Group balance sheet, the excess of the cost of shares in subsidiary companies over the book value of their net assets at the dates of acquisition (less other non-distributable Group reserves) has been deducted as shown in the second column below:

	Share premium of Parent Company £'000	Deductions £'000	As included in Group balance sheet £'000
Balance at 1 July 1970	77,934	30,636	47,298
Add: Excess of cost of shares in subsidiaries acquired during the year over the book value of their net assets at the dates of acquisition		163	
Adjustments arising from variations in shareholdings in subsidiaries		(278)	
Adjustment arising from amounts written off interest in American Zinc		(4,998)	
Provision for anticipated losses on disposal of assets by American Zinc and cost of closure of unprofitable operations £8,136,000, less outside shareholders proportion £3,218,000		4,918	
Revaluation of freehold property by an overseas subsidiary		(1,019)	
Adjustments arising from amounts written off interests in subsidiaries (other than American Zinc) and sundry items		(832)	
Balance at 30 June 1971	77,934	28,590	49,344

(b) Profits retained:

	Parent £'000	Parent £'000	Group £'000	Group £'000
General Reserve:				
Balance at 1 July 1970	2,250		11,156	
Less: Transfer to investment and exploration reserve	—		3,000	
Transfer to outside shareholders' interests	—		49	
Balance at 30 June 1971		2,250		8,107
Investment and Exploration Reserve:				
Balance at 1 July 1970	946		4,822	
Add: Transfer from general reserve	—		3,000	
Transfer from profit and loss account	3,000		5,497	
	3,946		13,319	
Less: Written off investment in American Zinc	999		4,998	
Written off investments, including subsidiary companies (other than American Zinc)	291		2,041	
Exploration expenditure written off	394		749	
Balance at 30 June 1971		2,262		5,531
Profit and loss account:				
Balance at 30 June 1971 unappropriated		454		1,025
		4,966		14,663
Add: Reserves not available for distribution, as above		77,934		49,344
Total reserves as shown in balance sheets		82,900		64,007

Under a guarantee agreement between the Company and a consortium of American banks, the aggregate amount of dividends payable by the Company in respect of any one financial period is limited to the net Group profit available to the members for that period

21 Debentures and loans

	Parent 1971 £'000	Parent 1970 £'000	Group 1971 £'000	Group 1970 £'000
Secured:				
7¼% Guaranteed Debenture Stock 1980/85	—	—	4,126	4,165
6% Debenture Stock 1983/88*	—	—	1,118	1,153
6¾% Debenture Stock 1985/90*	—	—	1,207	1,249
7¼% Debenture Stock 1986/91*	—	—	999	999
Bank loans	2,188	2,143	5,841	5,735
Other debentures and loans:				
repayable either wholly or in part more than five years hence	—	—	805	913
repayable wholly within five years	—	—	235	279
	2,188	2,143	14,331	14,493
Unsecured:				
6½% Loan Stock 1987/92	1,712	1,712	1,712	1,712
8¼% Loan Stock 1988/93	8,698	8,698	8,698	8,698
7¾% Loan Stock 1999/2004	1,856	1,856	1,856	1,856
Bank loans	9,227	11,000	20,214	24,610
Other debentures and loans:				
repayable either wholly or in part more than five years hence	—	—	2,078	722
repayable wholly within five years	—	—	266	369
	23,681	25,409	49,155	52,460
Territorial analysis:				
United Kingdom	23,681	17,909	36,091	28,817
North America	—	7,500	10,126	20,285
South Africa	—	—	2,104	2,374
Australasia	—	—	834	984
	23,681	25,409	49,155	52,460

The interest rates on 'Other debentures and loans' included above, at 30 June 1971, ranged from nil to 9½% p.a. and repayments are due at varying dates up to 1991

*Since 30 June 1971, these three secured debenture stocks of a subsidiary company have been repaid

22 Deferred liabilities

	Parent 1971 £'000	Parent 1970 £'000	Group 1971 £'000	Group 1970 £'000
Taxation:				
Set aside to avoid fluctuations in taxation charges	—	—	13,326	10,199
United Kingdom Corporation Tax payable 1 January 1973	72	—	1,387	1,046
Other	36	—	262	268
Pensions	—	—	445	936
Purchase of mining properties	—	—	54	72
	108	—	15,474	12,521

23 Secured liabilities

	Group 1971 £'000	Group 1970 £'000
Debentures and loans	14,331	14,493
Creditors	838	971
Bank overdrafts	8,944	11,047
	24,113	26,511

24 Borrowing powers

Included in secured liabilities (see Note 23) are borrowings by the Tennant group of companies to provide export finance facilities for United Kingdom industry. To the extent that such borrowings are secured by a British Government department they are not required to be taken into account when determining the limitation placed by the Company's Articles upon the borrowing powers of the Group. At 30 June 1971, the total amount to be thus excluded was £6.99 million (£8.25 million)

25 Contingent liabilities

	Parent		Group	
	1971 £'000	1970 £'000	1971 £'000	1970 £'000
Guarantees:				
in respect of borrowings by subsidiary companies	13,507	12,618	—	—
other	—	—	6,166	4,765
Obligations to associated company including those under contract	—	—	8,679	11,853
Loan facilities, uncalled capital on investments, etc.	—	—	1,409	1,361
	13,507	12,618	16,254	17,979

Of the amount of £13,507,000 shown above, £8,237,000 relates to guarantees given by the Parent Company in respect of borrowings by American Zinc. It is the Directors' present opinion that the Parent Company will not be called upon to implement these guarantees

In addition, the Parent Company and the Group have a contingent liability under a guarantee in respect of the sale during the year of a subsidiary company's assets, the amount of which, if any, is not capable of determination

26 Capital commitments

	Group	
	1971 £'000	1970 £'000
Contracts for capital expenditure not provided for	6,824	8,767
Capital expenditure approved by the boards of the companies concerned, but for which contracts had not been placed	2,879	4,756
	9,703	13,523

27 Currencies

(a) The following currencies have been converted into sterling at the rates indicated below:

Australian	$2.143
Canadian	$2.476
New Zealand	$2.143
South African	R1.714
United States	$2.40

(b) Other currencies have been converted at the rates ruling at 30 June 1971

(c) Investment dollars have been converted taking into account the premium rate ruling at 30 June 1971 i.e. 25⅛%. Where applicable, the stock exchange value of the quoted investments takes into account 75% of this premium

28 Additional information

Additional statutory information in compliance with the Companies Act 1967 will be found as follows:

Group turnover and profit–page 36

Principal subsidiary companies and principal interests of the Parent Company–included with the information on pages 38 and 39

Source and application of Group funds

	1971 £'000	1970 £'000
Source of funds		
Net income	14,992	17,296
Depreciation of fixed assets	8,463	7,752
Deferred taxation and provisions, increase	2,981	2,866
Capital raised by Group companies	419	15,038
Sundry sources	84	101
Decrease in net current assets	12,784	(10,022)
	39,723	**33,031**

	1971 £'000	1970 £'000
Application of funds		
Dividends paid: by Parent Company	6,372	6,364
to outside shareholders of subsidiaries	2,104	1,325
	8,476	7,689
Portfolio and other investment	9,732	7,522
Expenditure on fixed assets	16,657	14,796
Long term debt, decrease	3,099	2,196
Exploration	1,260	828
Costs of closure of certain American Zinc operations	499	—
	39,723	**33,031**

Group turnover and profit

	1971 Turnover	1971 Profit	1970 Turnover	1970 Profit
	£'000	£'000	£'000	£'000
Dividends and interest from non-subsidiary companies	9,298	9,298	9,383	9,383
Realisation of investments	20,759	6,351	20,355	6,279
Industrial and commercial subsidiary companies:				
Sales of manufactured goods	31,899	1,799	31,972	2,545
Agency, financing and confirming sales	65,989	439	49,202	613
Mining and quarrying subsidiary companies:				
Sales of products and services	103,158	11,779	94,744	13,877
Fees and sundry revenue	4,900	4,900	4,572	4,572
Turnover, and profit before expenses, interest and taxation	236,003	34,566	210,228	37,269
Less: Administration, technical and general expenses		6,328		5,499
Debenture and loan interest		3,622		3,995
Turnover, and profit before taxation	**236,003**	**24,616**	**210,228**	**27,775**

Territorial distribution 1971

Dividends and interest from non-subsidiaries £9.3 million

1971	
South Africa	84%
UK	6%
Canada/USA	6%
Australia	4%
1970	
South Africa	84%
UK	6%
Canada/USA	6%
Australia	4%

Profits on realisation of investments £6.3 million

1971	
South Africa	37%
Canada/USA	34%
Australia	20%
UK	9%
1970	
South Africa	46%
Australia	30%
Canada/USA	14%
UK	10%

Profits of subsidiaries from industrial, commercial, mining and quarrying operations £14.0 million

1971	
Australia	66%
UK	36%
South Africa	2%
Canada/USA	(—4%)
1970	
Australia	64%
UK	25%
Canada/USA	7%
South Africa	4%

Analysis of Group revenue

	Australia	Canada/ USA	South Africa	UK	Total
	%	%	%	%	%
Copper	7	–	–	–	7
Gold	–	–	21	–	21
Iron ore	9	–	–	–	9
Platinum	–	–	7	–	7
Rutile and zircon	6	–	–	–	6
Stone	–	–	–	11	11
Tin	3	–	–	–	3
Other metals and minerals	1	(1)	2	2	4
Industrial and commercial	4	1	4	5	14
	30	–	34	18	82
Share dealing profits	4	6	7	1	18
Area totals	**34**	**6**	**41**	**19**	**100**

Total revenue £34.5 million
including fees and sundry revenue

1971	
South Africa	41%
Australia	34%
UK	19%
Canada/USA	6%

1970	
South Africa	40%
Australia	37%
UK	16%
Canada/USA	7%

Group assets £326 million

1971	
South Africa	41%
UK	25%
Australia	21%
Canada/USA	13%

1970	
South Africa	39%
UK	23%
Australia	21%
Canada/USA	17%

Principal subsidiary companies and principal Group interests

in which the equity interest exceeds 10%

all as at 30 June 1971	Direct interests Parent %	Parent and subsidiaries %	Beneficial interest of Parent in equity† %	Principal activities
South Africa				
Gold Fields of South Africa Ltd	100	100	100	Finance and management
New Witwatersrand Gold Exploration Co Ltd	–	49	49	Mining finance
West Witwatersrand Areas Ltd	35	42	42	
Doornfontein Gold Mining Co Ltd	10	12	12	Gold mining
East Driefontein Gold Mining Co Ltd	7	10	10	
do. Combined Units	73	73	73	
Kloof Gold Mining Co Ltd	6	7	7	
do. Combined Units	23	23	23	
Luipaards Vlei Estate and Gold Mining Co Ltd‡	–	21	21	
Sub Nigel Ltd	12	14	14	
Vlakfontein Gold Mining Co Ltd	–	12	12	
West Driefontein Gold Mining Co Ltd	11	12	12	
Union Platinum Mining Co Ltd	1	12	12	Holding company–platinum
Waterval (Rustenburg) Platinum Mining Co Ltd	44	46	46	
Gold Fields Cementation Mining Co Ltd	–	50	41	Mining engineering
Glenover Phosphate Ltd	–	50	50	Phosphate mining
Kiln Products Ltd	–	18	13	Production of zinc oxide
Rooiberg Minerals Development Co Ltd	–	10	10	Tin mining
South African Quarry Industries Ltd*	–	17	9	Lime and gravel
South West Africa Co Ltd‡	2	11	11	Zinc and vanadium mining
Vierfontein Colliery Ltd*	14	14	14	Coal mining
Vogelstruisbult Metal Holdings Ltd	4	49	49	Base metal investment
Zinc Corporation of South Africa Ltd	–	12	8	Zinc smelting
Zwartkloof Fluorspar Ltd	–	35	35	Fluorspar mining
G.F. Industrial Holdings Co Ltd	–	82	82	Holding company
Alucab Holdings (Pty) Ltd	–	56	46	Aluminium conductors
Hunslet Taylor Consolidated (Pty) Ltd	–	93	77	Locomotives, mining equipment
Hunslet Taylor-Eimco Sales (Pty) Ltd	–	100	77	Marketing and general agency
South African Rubber Manufacturing Co Ltd	–	17	14	Industrial
New Durban Gold and Industrials Ltd	–	58	54	Property
Carletonville Estates Ltd	–	100	54	
G.F. Industrial Property Co (Pty) Ltd	–	100	54	
Westcott and Associates Ltd	–	50	27	Construction

Notes

West Witwatersrand Areas Ltd and its subsidiaries have substantial holdings in many of the Group's South African interests. These are not reflected above and include the following:

- 31% in East Driefontein Gold Mining Co Ltd
- 27% in Libanon Gold Mining Co Ltd
- 20% in West Driefontein Gold Mining Co Ltd
- 13% in Venterspost Gold Mining Co Ltd
- 31% in Kloof Gold Mining Co Ltd
- 25% in Zwartkloof Fluorspar Ltd
- 19% in Doornfontein Gold Mining Co Ltd
- 13% in New Durban Gold and Industrials Ltd

Interests held by Vogelstruisbult Metal Holdings Ltd, which are not reflected above, include the following:

- 50% in Glenover Phosphate Ltd
- 35% in Zinc Corporation of South Africa Ltd
- 30% in Kiln Products Ltd
- 30% in Union Tin Mines Ltd
- 40% in Zwartkloof Fluorspar Ltd
- 30% in Apex Mines Ltd
- 30% in South West Africa Co Ltd
- 24% in Rooiberg Minerals Development Co Ltd

The following information is given in compliance with the requirements of the London Stock Exchange:

	Shares Par Value	Shares Issued	Loan Capital	Total Reserves
West Witwatersrand Areas Ltd	R0.25	10,717,898	£3,502,000	£25,809,000
Waterval (Rustenburg) Platinum Mining Co Ltd	R0.05	37,125,000	–	£1,382,000

	Direct interests Parent %	Parent and subsidiaries %	Beneficial interest of Parent in equity† %	Principal activities
United States of America				
Gold Fields American Corporation	–	100	100	Management
American Zinc Co	12	61	60	Zinc mining and smelting
American Limestone Co	–	100	60	Stone and concrete

Australia

Consolidated Gold Fields Australia Ltd	–	68	68	Finance and management
Associated Minerals Consolidated Ltd	–	63	41	Rutile and zircon mining
Bellambi Coal Co Ltd	–	68	46	Coal mining and coke production
Commonwealth Mining Investments (Australia) Ltd	–	60	41	Mining finance
Goldsworthy Mining Ltd*	–	33	23	Iron ore mining
Lawrenson Alumasc Holdings Ltd	–	50	34	Aluminium and plastic products
Mount Lyell Mining and Railway Co Ltd	–	56	38	Copper mining and smelting
New Consolidated Gold Fields (Australasia) Pty Ltd	–	100	68	Mining exploration
North-West Acid Pty Ltd*	–	50	19	Sulphuric acid production
OT Lempriere & Co Ltd*	–	20	14	Tin smelting
Renison Ltd	–	68	32	Tin mining
Western Titanium NL	–	85	56	Ilmenite mining

Canada

Newconex Holdings Ltd	–	59	59	Finance and management
Newconex Canadian Exploration Ltd	–	100	59	Mining exploration
Vancouver Equipment Corporation Ltd	–	100	53	Plant sales

Eire

Concrete Pipes Ltd	–	100	100	Concrete products

New Zealand

Zip Holdings Ltd	–	51	35	Domestic hardware

Norway

A/S Bjolvefossen*	–	27	27	Ferro-alloys

United Kingdom

Gold Fields Mining & Industrial Ltd	100	100	100	Holding and finance
Alumasc Ltd	–	100	100	Aluminium products
Amalgamated Roadstone Corporation Ltd	100	100	100	Quarrying, sand and gravel, coated stone and concrete
ARC (Concrete) Ltd	–	100	100	Concrete products
Arcontrol (Electro-Panels) Ltd	–	100	100	Electric control equipment
Comben Longstaff & Co Ltd	–	100	100	Shipping
Greenwoods Transport Ltd	–	100	100	General haulage
Roads Reconstruction (Contracting) Ltd	–	100	100	Road surfacing
Ulster Limestone Corporation Ltd	–	60	60	Quarrying
British-Borneo Petroleum Syndicate Ltd*	–	16	16	Holding and finance
Mining and Metallurgical Agency Ltd	–	50	50	Marketing and general agency
C Tennant, Sons & Co Ltd	100	100	100	Holding and finance
Tennant Guaranty Ltd	–	100	100	Export finance
Tennant Trading Ltd	–	100	100	Trading and general agency
Tennant, Budd & Roderic Pratt Ltd	–	70	70	Insurance
Wheal Jane Ltd	100	100	100	Tin mining

†The beneficial interests in equity shown above reflect holdings by the Parent and subsidiary companies only. In addition, the Group has indirect interests in a number of cases through non-subsidiary companies.

*All the companies in the schedule are administered by the Group except those marked with an asterisk.

‡The country of incorporation and operations is as indicated by the heading except in the case of companies marked ‡ which are incorporated in the United Kingdom.

Other Group interests

in which less than 10% of equity capital is held but where the Stock Exchange value of the holding at 30 June 1971, was in excess of £200,000

	Principal activities
Australia	
Broken Hill Proprietary Co Ltd	Iron, steel, oil and gas
ICI of Australia & New Zealand Ltd	Chemicals
MIM Holdings Ltd	Copper, lead, zinc and silver mining
New Broken Hill Consolidated Ltd	Lead, zinc and silver mining
Peko-Wallsend Ltd	Mining finance
Poseidon Ltd	Nickel
Utah Mining Australia Ltd	Coal
Western Mining Corporation Ltd	Gold and nickel mining
Westralian Sands Ltd	Ilmenite mining
Woodside Oil NL	Oil and gas exploration
Canada	
Canadian Industrial Gas & Oil Ltd Canadian Superior Oil Ltd Dome Petroleum Ltd Home Oil Co Ltd	Oil and gas
Falconbridge Nickel Mines Ltd International Nickel Company of Canada Ltd	Nickel mining
Pine Point Mines Ltd	Lead and zinc mining
Placer Development Ltd	Mining finance
Rio Algom Mines Ltd	Uranium mining and steel
Sherritt Gordon Mines Ltd	Nickel, copper and zinc mining
Toronto-Dominion Bank	Banking
South Africa	
Buffelsfontein Gold Mining Co Ltd Elsburg Gold Mining Co Ltd St Helena Gold Mines Ltd Southvaal Holdings Ltd Western Holdings Ltd	Gold mining
Apex Mines Ltd	Coal mining
Central Acceptances Ltd	Banking
De Beers Consolidated Mines Ltd	Diamond mining
Rennies Consolidated Holdings (Pty) Ltd	Forwarding agents
United Kingdom and Europe	
Beralt Tin and Wolfram Ltd	Tin and wolfram mining
St Piran Mining Co Ltd	Tin mining
British Petroleum Co Ltd Burmah Oil Co Ltd 'Shell' Transport and Trading Co Ltd Ultramar Co Ltd Petrofina S A	Oil and gas
Johnson, Matthey & Co Ltd	Precious metals
Monotype Corporation Ltd	Type-casting equipment
Rio Tinto-Zinc Corporation Ltd	Mining finance
United States of America	
American Metal Climax Inc American Smelting and Refining Co Utah Construction and Mining Group	Mining finance
Cities Service Co Felmont Oil Corporation Phillips Petroleum Co Superior Oil Co	Oil and gas
Kawecki Berylco Industries Inc	Chemicals
Pittston Co	Coal
United Nuclear Corporation	Uranium

Directors' interests

including family interests

Consolidated Gold Fields Limited	30 June 1971 Ordinary shares	1 July 1970 Ordinary shares
J D McCall	624	624
R A Hope	111	111
G J Mortimer	1,000	1,000
M E Rich	1,099	1,599
Major-General J H S Bowring	1,221	1,221
W J Busschau	1,000	1,000
Viscount Caldecote	222	222
J B Davis	555	555
Lord Denman	900	1,700
Lord Erroll of Hale	483	483
Sir George Harvie-Watt	710	710
A Louw	521	521
H A Mackay	111	111
M Maclachlan	–	–
J B Massy-Greene	527	527
W Mason Smith	400	400
J R A M Storar	833	1,183
R L Whiting	111	111
A R O Williams	840	710

Subsidiary companies	30 June 1971	1 July 1970
J B Davis		
The Bellambi Coal Co Ltd — Shares of Aus. $0.50 each	1,000	1,000
J B Massy-Greene		
Consolidated Gold Fields Australia Ltd — Shares of Aus. $1 each	8,200	8,200
W Mason Smith		
American Zinc Company — Shares of US $1 each	100	100

Notes

1 M Maclachlan held an interest throughout the year in 500 Second preference shares of £1 each in the Company.

2 All the interests shown at 30 June 1971 are beneficial except that relating to J R A M Storar who is beneficially interested in only 333 Ordinary shares in the Company.

3 Except as stated above, the Directors have no interests in the First or Second preference shares of the Company, the 6½%, 7¾% or 8¼% Unsecured loan stocks, or in the shares or debentures of any subsidiary company.

Ten year financial summary

figures in £'000s

	1962	1963	1964
Earnings			
Revenue			
Dividends and interest on investments	5,085	5,496	5,920
Profit on realisation of investments	1,668	1,480	1,779
Industrial and commercial companies—net revenue	437	403	1,114
Mining and quarrying companies—net revenue	366	752	1,951
Fees and sundry revenue	2,192	2,088	2,223
	9,748	**10,219**	**12,987**
Expenses			
Administration, technical and general expenses	2,339	2,503	2,654
Debenture and loan interest	379	417	744
	2,718	2,920	3,398
Profit before taxation	**7,030**	**7,299**	**9,589**
Taxation	2,949	2,619	3,667
Net profit for the year	4,081	4,680	5,922
Attributable to outside shareholders	248	459	817
Net profit attributable to members	**3,833**	**4,221**	**5,105**

	1962	1963	1964
Allocation of profit			
Dividends paid (net to April 1966, gross thereafter)	1,894	2,121	2,333
Retained	1,939	2,100	2,772
	3,833	4,221	5,105
Earnings per Ordinary share†	7.84p	8.42p	9.90p
Dividends per Ordinary share—gross†	5.93p	6.52p	7.12p
Charged to investment and exploration reserve	2,145	716	999

†Adjusted in respect of increases in capital

	1962	1963	1964
Capital employed			
Net assets			
Fixed assets	5,007	12,135	14,043
Investments (at book value)*	25,113	26,435	29,291
Current assets	13,814	19,645	31,995
	43,934	58,215	75,329
Less: Current liabilities	5,234	7,950	21,548
	38,700	**50,265**	**53,781**
Share capital, etc			
Capital	14,528	14,528	15,000
Group reserves	14,626	15,393	16,905
Outside shareholders' interests	2,694	7,009	7,555
Loan capital	5,525	11,944	12,219
Deferred liabilities	1,327	1,391	2,102
	38,700	**50,265**	**53,781**
*The stock exchange value of quoted investments exceeded their book value included above by	22,221	23,140	34,057

1965	1966	1967	1968	1969	1970	1971
6,400	6,926	6,738	7,778	8,125	9,383	9,298
2,068	2,340	2,680	4,701	8,007	6,279	6,351
1,406	1,282	1,527	2,062	2,497	3,158	2,238
3,111	3,794	2,547	4,449	8,384	13,877	11,779
2,455	2,818	2,924	3,671	4,646	4,572	4,900
15,440	**17,160**	**16,416**	**22,661**	**31,659**	**37,269**	**34,566**
2,955	3,224	3,590	4,301	5,083	5,499	6,328
880	1,330	1,595	2,013	3,232	3,995	3,622
3,835	4,554	5,185	6,314	8,315	9,494	9,950
11,605	**12,606**	**11,231**	**16,347**	**23,344**	**27,775**	**24,616**
4,035	3,674	3,621	5,020	8,678	10,479	9,624
7,570	8,932	7,610	11,327	14,666	17,296	14,992
1,303	1,689	1,372	2,295	3,580	4,579	2,924
6,267	**7,243**	**6,238**	**9,032**	**11,086**	**12,717**	**12,068**
2,704	3,870	4,425	4,952	5,807	6,364	6,372
3,563	3,373	1,813	4,080	5,279	6,353	5,696
6,267	7,243	6,238	9,032	11,086	12,717	12,068
10.96p	12.54p	10.08p	13.32p	14.22p	15.28p	13.91p
7.76p	6.57p	6.62p	6.96p	7.17p	7.29p	7.3p
1,400	224	529	1,101	5,922	7,894	7,788
20,950	28,464	36,264	52,629	74,090	82,172	83,085
33,229	38,101	42,085	54,842	65,630	64,315	71,892
37,072	41,098	48,076	71,708	81,330	96,449	81,677
91,251	107,663	126,425	179,179	221,050	242,936	236,654
22,674	27,491	29,542	40,415	53,452	58,549	56,561
68,577	**80,172**	**96,883**	**138,764**	**167,598**	**184,387**	**180,093**
16,500	16,500	17,625	20,221	20,554	22,689	22,689
21,264	24,411	31,025	51,993	53,957	64,346	64,007
10,557	12,314	17,714	25,188	29,690	32,371	28,768
17,126	23,476	26,581	36,114	54,398	52,460	49,155
3,130	3,471	3,938	5,248	8,999	12,521	15,474
68,577	**80,172**	**96,883**	**138,764**	**167,598**	**184,387**	**180,093**
46,964	58,057	60,494	150,382	111,936	92,465	99,818

Company calendar 1971

Ordinary shares		
Interim dividend	Declared Paid	23 March 21 May
Final dividend	Recommended Payable	12 October 3 December to shareholders registered on 5 November
Preference shares		
7% first cumulative 7% second cumulative	Dividends paid Dividends paid	1 January and 1 July 1 April and 1 October
Unsecured loan stock		
6½% 1987/92 8¼% 1988/93 7¾% 1999/2004	Interest paid	31 March and 30 September

Half year results	Announced	23 March
Full year results	Announced	12 October
Report and accounts	Issued	30 October
Annual General Meeting	Chartered Insurance Institute 20 Aldermanbury London EC2	23 November at 11 am
Chairman's statement	Delivered Circulated	23 November 26 November

Change of Address

Please notify any change in your address to:

The Registrar
Consolidated Gold Fields Ltd
Lloyds Bank Ltd
Registrar's Department
The Causeway
Goring-by-Sea
Worthing Sussex

or

The Johannesburg Registrar
Consolidated Gold Fields Ltd
75 Fox Street
Johannesburg
South Africa

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CHAIRMAN'S REVIEW

1971

File

Consolidated Gold Fields Limited

REVIEW BY THE CHAIRMAN, MR. J. D. McCALL

AT THE ANNUAL GENERAL MEETING OF THE COMPANY
ON 23RD NOVEMBER, 1971

GROUP FINANCIAL RESULTS

In a year of falling metal prices the Group's profit before tax declined from the record of £27·7 million, achieved in 1970, to £24·6 million for the year under review.

Revenue from our mining subsidiaries fell by some £2 million and income from our industrial and commercial companies also decreased.

Major factors contributing to the fall in income from mining operations were the decline in the price of copper, and the further operating losses incurred by American Zinc. However, the reduced income from our base metal producers was in some measure offset by a sharp improvement in the results of Amalgamated Roadstone, our United Kingdom subsidiary in the aggregates industry. It is of note that, after deducting taxation and minority interests, the Group profit of £12 million was only some 5 per cent. down on the previous record year, and was well above the 1969 figure.

Stock market conditions in those countries in which we operate varied quite considerably. Whereas there was a recovery in industrial shares on some markets, we are predominantly invested in the natural resource field and, in general, shares in base metal companies were weak. In these circumstances the £6·3 million profit realised on investments was a considerable achievement.

The Stock Exchange value of quoted investments amounted to £159 million at the end of June, compared with £147 million at the end of the previous year.

Fixed assets before depreciation rose by some £11 million to approximately £140 million, reflecting the substantial capital expenditure incurred by subsidiaries in Australia and the United Kingdom. However, after taking into account provisions for depreciation which this year include abnormal amounts written off by American Zinc, the book value of fixed assets showed only a small increase at £83 million. Total assets, including quoted investments at their Stock Exchange values, rose by £3 million to £326 million.

With the recommended final dividend of 4·4p per share, distributions for the year total 7·3p which is virtually the same as for 1970.

DEVELOPMENTS IN SOUTHERN AFRICA

Turning to my review of the Group's operations, our interests in Southern Africa had a satisfactory year. Their contribution to Group revenue amounted to £14·3 million, or 41 per cent. of the total, and dividends from our gold and platinum holdings accounted for approximately two-thirds of this figure.

Production of gold by the mines we administer reached a record 6·3 million ounces, equivalent to 15 per cent. of the free world's output and the premium income received, at nearly £6 million, was considerably higher than in the past. This free market premium is an important factor in offsetting the steadily increasing costs of labour and materials.

Indeed, inflation and the shortage of skilled labour are causes for concern throughout South African industry. Over many years the country has enjoyed steady growth, of benefit to all its peoples, but in looking ahead sustained progress and expansion must be hampered if the scarcity of skilled manpower continues. While advances have been made in the better training and more productive use of non-European labour, the rate at which this problem is being resolved is, I believe, unnecessarily slow. If the economy is to grow in relation to its potential, which must surely be in everyone's interest, the fullest use must be made of all reserves of labour, whether white or non-white. This is a matter which is constantly being emphasised by the management of our South African group of companies.

Among the gold mines, West Driefontein again achieved a record in gold production. Operations are still affected by the flooding of the eastern section of the mine, but by June the daily inflow had declined to a rate where dewatering of this area could begin. This phase should be completed early in 1972 when production from the eastern section of the mine should be resumed. The adjoining East Driefontein mine will then also be able to start development in that part of its lease area which was flooded in 1968. Production at East Driefontein is now scheduled to start early in 1973, and full-scale operations should still be achieved on target in 1976. I indicated last year that a further £6 million approximately would be required to assist in the financing of operations at this mine until the end of 1975, but in view of the delays caused by the flooding it will now be necessary to raise funds in excess of this sum.

At Kloof, production was as planned and the increased tonnage milled and improvement in yield were reflected in higher profits. The underground fire which broke out last June has been sealed off, and the scale of operations is now back to normal.

Turning to platinum, the demand weakened materially during 1970-71 after several years of growth. In the autumn of last year, partly as a result of a cutback on new investment in the United States and partly because of increased production, a surplus emerged since when the price on the free market has been at a discount on the producer price.

In meeting these circumstances, Rustenburg lowered its price by some 8 per cent., and while building up stocks of refined platinum, the company is also now taking steps to reduce production to approximately 50 per cent. of capacity. In the short term these measures must considerably affect profits.

At the same time it is worthwhile commenting that the existence of a ready surplus of platinum, together with unused productive capacity, is occurring when more and more attention is being paid to the urgent need to eliminate air pollution caused by the internal combustion engine.

We are therefore hopeful that the demand from this and other new uses may increase but, in the near term, recovery in demand by established users must be largely dependent on the resurgence of business activity in the United States.

Our base metal interests in the Transvaal and in South West Africa, which include tin, zinc, vanadium and coal operations, had something of a mixed year, but an improvement in earnings is expected from these sources as existing capital programmes are completed.

The expansion of our South African property business is continuing, and comprehensive plans are in hand for the development of residential areas near Durban and of our extensive holdings on the Witwatersrand.

Exploration for base metals and minerals continued, and a number of interesting prospects were investigated, but it is too early to assess their potential. At Deelkraal, drilling for gold has now finished and an evaluation of the area is being made.

Next week will see the completion of a most important change in the structure of our Group interests in South Africa. West Witwatersrand Areas Limited, in which we presently hold 42 per cent. of the equity, will acquire for a consideration of 3,350,000 shares, the assets and name of our 100 per cent. subsidiary, Gold Fields of South Africa Limited, and the merged company will thenceforward be responsible for the administration, development and promotion of the Group's interests in that country.

The merger will unite within one company large holdings in all the Group's gold mining interests, most of our South African base metal and mineral holdings, our property interests and the Group's South African managerial and technical skills of which we are justly proud. The net assets of the new company, based on June, 1971 figures, will amount to approximately £125 million.

The completion at the end of this week of a rights issue, which will raise £10 million, will provide the enlarged company with the capital it is expected to require not only to finance its proportion of the final development costs of East Driefontein, but also its requirements to initiate the development of other of its mining interests.

Our decision to give the public a direct interest in our South African Group company in this way has been welcomed by investors and the authorities alike, and we look forward to the new Gold Fields of South Africa prospering to the limits of its capabilities.

ACTIVITIES IN AUSTRALIA

The revenue contribution by our Australian interests at £11·5 million fell short of the record level of the previous year, but nonetheless represented one-third of our total revenue.

The net profit of the Consolidated Gold Fields Australia group declined by 22 per cent. due largely to the lower earnings of Mount Lyell, Commonwealth Mining Investments and Renison.

The profits of the base metal producers were severely affected by the general decline in metal prices, the average price per ton of copper sold by Mount Lyell decreasing by 25 per cent., and revenue per ton of

tin at Renison falling by 7 per cent. Both these producers, in line with other Australian companies, were also faced with substantially higher costs which were largely attributable to national wage increases.

At Mount Goldsworthy good progress was made with the expansion programme designed to increase production of iron ore to 8 million tons per annum in 1973, and exploration in areas some distance to the south of current operations, where drilling is still in progress, has confirmed additional deposits of iron ore.

Recently, our Australian company acquired an 11 per cent. interest in a joint venture formed to explore and, if justified, to develop the McCamey's Monster and Western Ridge areas in the Pilbara region of Western Australia. A drilling programme under the direction of one of the joint venturers, M.I.M. Holdings Ltd., commenced earlier this year, and while I do not want to over-emphasise the possibilities at this early stage, I can say that early indications of this work are most encouraging.

The Group's beach sand producers, Associated Minerals and Western Titanium, on the east and west coasts of Australia, had a satisfactory year, but the general downturn in world economic activity has led to an easing in the demand for certain of their products, particularly from the pigment industry.

The decision as to whether or not Western Titanium will construct an ilmenite upgrading plant has not yet been taken and will depend upon the conclusion of satisfactory marketing arrangements. In the meantime, output from the pilot upgrading plant has been successful and a substantial shipment was recently made.

Last year I referred to a coking coal deposit in the Hunter Valley of New South Wales which had been discovered in a joint exploration venture with Dalgety Australia. While drilling indicated adequate reserves in the area, the feasibility study concluded, on grounds of current market conditions and the heavy capital cost, that any further work on this project should be deferred.

Following the boom in Australian mining shares in the latter part of 1969 and early 1970, when speculation resulted in excessive price increases in several stocks, the confidence of the investing public was severely shaken last year by the failure of certain companies to meet their obligations, and by the decline in market values due to decreased metal prices. In these circumstances, although lower than the previous year, the profits of Commonwealth Mining Investments were very satisfactory.

Since the end of the year Gold Fields Australia has announced that, in a joint venture with the Mitsubishi Group of Japan, it has acquired certain copper mining properties in Queensland known as the Gunpowder Complex, for £3 million. These properties, in which our Australian company holds a 70 per cent. interest, include an open cast mine and surface installations. Mining operations are to be extended underground, and in the meanwhile a detailed examination will be made to determine the potential of the area as a whole, which extends over 170 square miles.

The search for mineral deposits in Australia, both by local and overseas companies, increased in momentum during the year and competition was again intense. In our own case exploration was mainly centred on Western Australia and Tasmania, where Group expenditure totalled over £1 million. While at this point in time we are not looking for any improvement in the profits of our Australian interests this year, and indeed they could be lower, I am confident that in the longer term we shall continue to see a growing expansion of the operations of that group.

NORTH AMERICAN INTERESTS

In Canada, the sharp increase in the net income of Newconex was partly due to the profitable sale of Pacific Truck & Trailer, to which I referred last year, and partly to the significant advance in profits on realisation of investments.

The exploration activities of Newconex, which have hitherto been financed wholly by Gold Fields, continued but no discoveries were made. Under a new agreement which becomes operative on 1st January, 1972, we shall in future participate in their exploration on a joint venture basis.

A significant event in Canada was the publication of the bill containing the Government's proposals for tax reforms which are expected to become law on the 1st of January next year. The most important change directly affecting Newconex is the proposed introduction of a capital gains tax, although this will to some extent be offset by other more favourable measures. In general, the provisions in the bill for the taxation of the mining industry are less onerous than the original proposals to which I referred last year.

In the United States, as a result of continuing losses over the previous five years largely due to inflation, the financial position of the American Zinc Company became critical at this time last year when I reported that some of the company's operations had been discontinued.

Subsequently, with no upturn in the American economy, and following a thorough review of the overall position, it was decided to close down the East St. Louis and Dumas smelters which had clearly become unprofitable. It was also concluded that the remaining operations, that is to say the mines and stone division in Tennessee, together with the oxide division, were unlikely on their own to generate sufficient cash to repay the company's debts. In consequence American Zinc decided to dispose of these operating assets and, at a meeting held on the 10th of this month in St. Louis, shareholders agreed to the sale of the mining, quarrying and oxide operations to the American Smelting and Refining Company. This sale should become effective on the 29th of this month, and in the meanwhile the East St. Louis smelter is under option to American Metal Climax.

If these transactions go through, American Zinc's remaining assets will consist for the most part of an interest in two base metal prospects, one of which is currently being investigated, and a very substantial tax loss which may or may not be turned to account. In addition, American Zinc will receive payments from Asarco over the next five years related to the price of zinc and the output from its former mines in Tennessee.

The consideration payable on completion of the sale to Asarco is more than enough to enable the immediate repayment by American Zinc of its indebtedness to the banks. Receipts from the realisation of other assets, and from the further payments from Asarco, are expected to be such as would enable American Zinc to repay its indebtedness to Gold Fields.

At the year-end the Group's equity interest in American Zinc was wholly written off against reserves. Buell Engineering, while achieving increased turnover in recent years, was not able to offer a full range of products covering the increasingly competitive field of air pollution control, and profit margins were being steadily eroded. In these circumstances it was decided to accept a favourable offer for the company's assets from the Envirotech Corporation of California, which markets a far wider range of air and water pollution control equipment.

PROGRESS IN THE UNITED KINGDOM

The contribution of our operations in the United Kingdom amounted to 19 per cent. of Group revenue. Amalgamated Roadstone achieved a sharp advance in profits and further strengthened its position within the industry. Turnover increased by 19 per cent. and net profit rose by 73 per cent. These results reflect in some measure the benefits of capital expenditure on improvements to production facilities, together with management reorganisation.

The outlook for this company is promising, bearing in mind the Government's programme for motorways and trunk roads, and the expected revival in private housing and other building activity.

Among our commercial and industrial companies, the trading subsidiaries in the Tennant group recorded lower profits, although their performance compared not unfavourably with the results achieved by many of their competitors. Tennant Guaranty, which provides specialised export finance, substantially increased both its turnover and profits.

Alumasc had a very good year and further established its position as a leading supplier of casks and related equipment to the brewing industry. While production facilities were increased at home, strenuous efforts were made to obtain new markets on the Continent. Having completed its first year in production, the Luxembourg subsidiary is now beginning to make progress and has started the current year with a good order book.

An event in the mining industry in the United Kingdom was the start-up of operations at the Wheal Jane tin mine in Cornwall, which I had the pleasure of opening last month. Initially we are aiming to produce 1,400 tons of tin per annum, and when operations have settled down we shall be examining the economics of doubling this rate of output.

Our search for mineral deposits in Britain continued and while much of the work was in the nature of reconnaissance, more detailed investigations were justified in some cases.

The introduction of cash grants for approved exploration projects, which was announced by the Government in July, was an encouraging step towards the effective assessment of the country's mineral wealth, but the problem of securing suitable prospecting and mineral rights is still a major impediment. I believe it to be in the national interest that legislation should be enacted to facilitate, where appropriate, both access to land for prospecting purposes, and for the acquisition of mining rights.

LOOKING AHEAD

In recent months the immediate outlook for the Group has been overshadowed by uncertainties in currency parities and the damaging effect of protectionist policies on international trade. Countries dependent on exports to the United States, including those in which we are invested, could be particularly affected. In the case of Japan any decrease in steel production would inevitably react on their raw material suppliers, among whom the Australian mining industry plays such a big part. In addition, any re-alignment of currencies, whereby the Australian dollar appreciated against the United States dollar, would affect the profit margins of many Australian producers, among them Mount Goldsworthy whose export contracts are written in United States currency.

Gold naturally features prominently in the present currency crisis. Although eventually I believe there is likely to be an increase in the dollar price of gold some commentators have suggested that its role in the monetary system is outdated. It is difficult, however, to see how some alternative systems now being discussed, to the extent that they depend almost entirely on the creation of paper money, would in practice be more effective. Indeed the very cause of the present situation can largely be attributed to the excessive creation of such paper money. The system has broken down because the United States created and exported more dollars than the rest of the world could absorb.

I believe that for a long time to come a system in some way anchored to gold will remain the only practical basis for international monetary arrangements, and one in which the nations of the world will continue to put their faith.

In the past year the free gold market has been an outstanding performer among metal markets. As far as we can ascertain virtually all newly mined gold was sold on this market which also absorbed large private holdings of gold bars. Commercial users took all the available supplies and their demands are growing. Over the past 12 months on the London Metal Exchange—copper, silver, lead and tin—have on average fallen by around 15 per cent. The free prices of nickel and platinum have fallen by not less than 15 per cent. The free price of gold on the other hand has risen approximately 15 per cent., and it is expected to rise further during the years to come.

Whatever happens therefore in the monetary system, I believe that we are in a strong position as a producer of gold.

I feel I should make some reference to the subject of the Common Market. While certain branches of British industry may be expected to gain real benefits as a result of joining the European Economic Community, I do not consider that our Group will be materially affected in the context of our existing operations. However, if we go into Europe the creation of a market of 250 million people must present a challenge which we shall accept, and we shall re-examine any aspects of our business where new opportunities could arise.

Preservation and conservation of the environment is another subject which is properly attracting more and more public attention worldwide. As an international company we are very conscious of our responsibilities in this field. Rehabilitation of mined-out areas by our beach mineral producers in Australia has been in progress for several years, while in South Africa remarkable results have been achieved for example with the planting of vegetation on the waste dumps of the old gold mines. Companies within this Group have been leaders in both these developments. In this country, in co-operation with local authorities and other bodies, Amalgamated Roadstone is active in land restoration and in schemes designed to protect our heritage of wild bird life, and at Wheal Jane every effort was made to blend the surface installations with the surrounding landscape.

It may be of interest to shareholders that in the past year, taking the Group as a whole, we spent approximately £2 million on matters concerning environment. I believe that in this country, contrary to some views expressed in public, it can be shown that Groups such as ours are playing their full part in maintaining the beauty of our countryside, without denying the economy the much needed benefits of a domestic mining industry.

In recognising the widespread concern for the preservation of amenities in relation to the development of Britain's mineral wealth, we were glad to participate in the formation of a Commission which was recently set up to enquire into these matters under the chairmanship of Lord Zuckerman.

In this review I have referred to a number of factors which affected the Group's operations during the past year. In looking ahead, the short-term prospect must be viewed against the general background of currency uncertainties and the present weakness in many metal prices which must affect profits in those commodities. However, these factors will not remain with us indefinitely and we are well poised, throughout the Group, to stride ahead once again as soon as conditions become more settled.

TRIBUTE TO STAFF

The past year has imposed heavy demands on management and staff. I am sure that you would wish me on your behalf to express to all employees, both here and overseas, our sincere thanks for their hard work and support.

The Final Ordinary Dividend was approved and the resolutions for the re-election of Directors were passed. At subsequent Class Meetings and an Extraordinary General Meeting resolutions relating to modifications to the rights of Preference Shareholders, the adoption of new Articles of Association and a Share Incentive Scheme were duly passed.

HOWARD. JONES, ROBERTS & LEETE, LTD., 7-25, BERMONDSEY ST., S.E.1.

AR45

Consolidated Gold Fields Limited

49 Moorgate,
London EC2R 6BQ

30 *October* 1971

To the Ordinary and Preference Shareholders

NEW ARTICLES OF ASSOCIATION
ALTERATION TO BORROWING POWERS
SHARE INCENTIVE SCHEME

NEW ARTICLES OF ASSOCIATION

The present Articles of Association of the Company were adopted in 1960. Since then they have been amended on several occasions and your Board feels that it would be opportune to incorporate all these amendments into a new set of Articles reflecting current legal and Stock Exchange requirements and practice. In addition, your Board recommends that certain other changes are made. The principal differences between the existing Articles and the proposed new set are summarised as follows:

(i) *Quorum for Class Meetings*

The quorum required for a class meeting has been increased in accordance with the requirements of The Stock Exchange, London to two persons holding or representing by proxy one-third (as opposed to the present one-tenth) in nominal amount of the issued shares of the class.

(ii) *Share Warrants to Bearer*

New provisions are desired to facilitate the Company in dealing with day to day problems which have been experienced in connection with bearer warrants. Power is therefore being taken to deal with share warrants or coupons which have been lost or stolen and permitting the Company to require bearers of share warrants to become registered shareholders.

(iii) *Number of Directors*

In accordance with modern practice, the new Articles provide that there should no longer be an upper limit on the number of Directors. The minimum number remains at five.

(iv) *Pensions*

The new pension code of the Inland Revenue allows, for the first time, pension arrangements in respect of fees paid to Directors. The new Articles contain provisions permitting such arrangements provided that they are confined within the limits of Inland Revenue approval.
It is the present intention to set up a scheme with effect from 1st January 1972.

(v) *Foreign Currency Payments*

The new Articles contain provisions regulating the payment of dividends and repayment of capital in currencies other than sterling. In the light of the recent history of currency fluctuation, the conversion rate from sterling into a foreign currency is to be at the London foreign exchange market spot selling rate for the foreign currency at the close of business on the relevant record date.

The adoption of the new Articles will be proposed at an Extraordinary General Meeting of the Company, following the Annual General Meeting and the Preference class meetings (referred to below), on 23rd November 1971. Notice of this Meeting, containing the Resolution for the adoption of the new Articles of Association, is set out on page 8 of this document.

ALTERATION TO BORROWING POWERS

It is proposed to make a minor change in the borrowing powers of the Directors by providing that where a subsidiary is not wholly-owned by the Company the calculation of Group borrowings should take account of not all of such subsidiary's borrowings, as required at present, but that proportion only of such borrowings as corresponds to the proportion of the equity share capital attributable to the Company. A comparable provision exists in the Trust Deeds constituting the Company's Unsecured Loan Stocks. Based on the accounts for the year ended 30th June 1971, total borrowings permitted under the Articles of Association were approximately £87m. If adopted, the proposed admendment would leave the limit unchanged but would eliminate £9m. of borrowings by subsidiary companies which now have to be taken into account.

The proposed change would constitute a modification of the rights of the holders of the Company's First and Second Cumulative Preference Shares and accordingly their approval to such modification is being sought at class meetings (to be held immediately after the Annual General Meeting) and of which they are being notified separately. Resolution No. 2 in the Notice of the Extraordinary General Meeting sets out the proposed change.

Your Board recommends you to vote in favour of adopting the new Articles of Association (Resolution No. 1) and in favour of the alteration to the borrowing powers (Resolution No. 2).

SHARE INCENTIVE SCHEME

The subject of Resolution No. 3 to be proposed at the Extraordinary General Meeting referred to above is a Share Incentive Scheme. Your Board considers that it would be in the interests of the Company if selected senior executives (including executive Directors), capable of influencing profitability, were to be given the opportunity of participating in an incentive scheme which would be associated with the success of their own future efforts. With this in mind, proposals have been formulated for the Gold Fields' Share Incentive Scheme ("the Scheme") whereby these persons would be able to acquire an equity stake in the Company for a small initial capital outlay with the balance to be paid as set out below. The Scheme is designed to ensure, so far as is possible, that on the basis of current legislation, any ultimate benefits to the Participants will be subject only to capital gains tax and not to either income tax or surtax.

The precise terms of the Scheme are set out in the Appendix to this document. The following are the salient points:

1. A maximum of 2,154,631 Ordinary Shares of 25p each (2½ per cent. of the Company's present issued ordinary share capital) may be made available for issue, at the Board's discretion, to senior executives of the Company and its United Kingdom subsidiaries ("the Group"), including full time executive directors. The above maximum may be adjusted in certain circumstances.
2. The price at which Participants are to subscribe for shares ("the Subscription Price") will be not less than the average of the middle market quotations on The Stock Exchange, London of a fully paid Ordinary Share of the Company for the period of four weeks prior to the date of offer. On issue, a Participant will pay 1 per cent. of the Subscription Price and the balance of the Subscription Price will become due as described in 3 below.
3. (A) A Participant or, where appropriate, his personal representatives, may pay up the balance of the Subscription Price in any of the following circumstances:
    - (i) at any time after five years from the date of issue of the shares; or
    - (ii) at any time after the death of a Participant or his retirement through ill-health or incapacity or at or after normal retirement age, or his ceasing to be employed by reason of redundancy or the company by which he is employed ceasing to be a member of the Group; or
    - (iii) while there is outstanding an offer or scheme under which control of the Company may pass to another company or within six months of such an offer becoming unconditional or such a scheme taking effect.

(B) The Board may require the payment of the balance of the Subscription Price in any of the following circumstances:

(i) at any time after five years from the date of issue of the shares provided the Current Market Price (namely, the average of the middle market quotations on The Stock Exchange, London for the preceding four weeks) of the fully paid Ordinary Shares of the Company exceeds by not less than 25 per cent. the Subscription Price; or

(ii) at any time after ten years from the date of issue of the shares provided the Current Market Price is then in excess of the Subscription Price; or

(iii) at any time after a Participant ceases to be employed by the Group otherwise than in circumstances falling within (iv) below; or

(iv) at any time after two years from the death of a Participant or from his ceasing to be employed by the Group by reason of retirement through ill-health or incapacity or at or after normal retirement age or of redundancy, or upon the company by which he is employed ceasing to be a member of the Group.

(C) The Board is obliged to require the payment of the balance of the Subscription Price after the elapse of fifteen years from the date of issue of the shares.

4. A Participant is protected by the provisions of the Scheme under which the Subscription Price, in the event of the Board requiring payment in the circumstances of 3(B)(iii) and (iv) and 3(C) above, is to be reduced to the Current Market Price if that price is less than the Subscription Price. If the Company were to be wound up, the amount which might be called on the shares would be limited to the amount remaining unpaid of the nominal amount of the shares.

5. While the shares are partly paid neither they nor any Capitalisation Shares (Ordinary Shares issued credited as fully paid up by way of capitalisation of profits or reserves) derived from the shares will be transferable without the consent of the Board or entitle a Participant to any dividend or to vote at any General Meeting of the Company. Any rights issues will be extended to the holders of shares under the Scheme at the price offered to other Ordinary Shareholders but upon the same terms as to payment and otherwise as are applicable to shares subject to the Scheme.

6. As soon as the shares become fully paid, they will rank *pari passu* in all respects with the existing Ordinary Shares and application will be made to the Council of The Stock Exchange, London, and to any other Stock Exchange on which the Ordinary Shares are quoted, for quotation for them.

If the Scheme is approved it is anticipated that this year about 150 senior executives of the Company and its United Kingdom subsidiaries will be offered the opportunity of subscribing for approximately 1.3m shares.

The Scheme is subject to the approval of the Ordinary Shareholders in General Meeting and the resolution to this effect (Resolution No. 3) is set out on page 8 of this document.

Your Board believes that the Scheme will be in the best interests of the Group as a means of attracting and retaining executives of ability and recommends you to vote in favour of it.

All Shareholders are entitled to attend the Extraordinary General Meeting and to vote on the Resolution for the alteration of the borrowing powers (Resolution No. 2). However, Ordinary Shareholders only are entitled to vote on Resolutions Nos. 1 and 3. *You will find enclosed a Form of Proxy appropriate to your holding(s); you are asked to complete this in accordance with the instructions thereon and to return it to the Company's Registrar not less than 48 hours before the time fixed for the Meeting. The sending of a Form of Proxy will not prevent you from attending and voting in person if you so wish.*

Copies of the Memorandum and Articles of Association and a print of the proposed new Articles of Association are available for inspection, prior to the Extraordinary General Meeting, during normal business hours on any weekday, Saturdays excepted, at the offices of the Company at 49 Moorgate, London E.C.2 and 75 Fox Street, Johannesburg, and will also be available at the Meeting.

By Order of the Board
J. R. Stewardson
Secretary

APPENDIX

THE GOLD FIELDS' SHARE INCENTIVE SCHEME

1. In this Scheme the following words and expressions bear the following meanings, namely:

"the Company"	Consolidated Gold Fields Limited;
"Subsidiary"	A company incorporated in the United Kingdom which is for the time being a subsidiary of the Company as that expression is defined by Section 154 of the Companies Act 1948;
"the Group"	The Company and all of the Subsidiaries (or where the context so requires the Company or any of the Subsidiaries);
"Offeree"	Any full time employee (including an executive director) of the Group who is nominated by the Board to receive an offer under this Scheme;
"Salary"	Fixed salary received from the Group exclusive of directors' fees, commission, bonus or any fluctuating emoluments;
"Participant"	An Offeree who has accepted an offer of Ordinary Shares in accordance with the terms of this Scheme or, where the context so requires, a person becoming entitled to Scheme Shares in consequence of the death or bankruptcy of the original Participant;
"Ordinary Shares"	Ordinary Shares in the capital of the Company;
"the Current Market Price"	The greater of the nominal amount of an Ordinary Share for the time being and at any particular date a price equal to the arithmetic average of the middle market quotations (after making such adjustments thereto as the auditors for the time being of the Company determine to be appropriate following upon any reduction of capital, issue of securities by way of rights or capitalisation of reserves or subdivision or consolidation of share capital of the Company) of an Ordinary Share during the four weeks immediately preceding such date as shown by the daily official list of The Stock Exchange, London;
"the Subscription Price"	The Current Market Price of an Ordinary Share at the date on which the relevant offer of shares under this Scheme is made plus such further sum (if any) as the Board shall think fit;
"Scheme Shares"	Ordinary Shares issued pursuant to this Scheme and which at any particular date are not fully paid up both as to the nominal value thereof and as to premium (if any);
"Capitalisation Shares"	Ordinary Shares issued credited as fully paid up by way of capitalisation of profits or reserves to a Participant in respect of Scheme Shares and any further Ordinary Shares so issued in respect of Capitalisation Shares;
"the Board"	The Board of Directors for the time being of the Company or a duly authorised committee thereof;
"this Scheme"	The Scheme set out herein as amended from time to time.

2. The Board shall be at liberty at any time within two months of the date of the approval of this Scheme by the Company in General Meeting and thereafter within one month after the date of the Annual General Meeting of the Company in any year to make any Offeree an offer in writing of Ordinary Shares on the terms of this Scheme at the Subscription Price then ruling.

3. (1) No offer shall be made under this Scheme to any Offeree of a number of Ordinary Shares which, if added to Ordinary Shares formerly allotted under this Scheme to such Offeree, would either exceed 50,000 or have an aggregate Subscription Price in excess of five times his current Salary. For this calculation Ordinary Shares comprised in a previous offer shall carry the Subscription Price relevant to that offer.

(2) The maximum number of Ordinary Shares issued under the terms of this Scheme (exclusive of Capitalisation Shares) shall not exceed 2,154,631 (being $2\frac{1}{2}$ per cent. of the issued Ordinary Shares of the Company as at the date of the adoption of this Scheme).

(3) The limitations on the number of Ordinary Shares to be issued under this Scheme contained in sub-clauses (1) and (2) of this Clause will be adjusted, in such manner as the auditors

for the time being of the Company shall certify, to reflect any reduction of capital, issue of securities by way of rights, capitalisation of profits or reserves or any sub-division or consolidation of the Ordinary Shares but so that the maximum number of Ordinary Shares permitted pursuant to sub-clause (2) of this Clause shall not exceed a number equivalent to $2\frac{1}{2}$ per cent. of the Ordinary Shares of the Company for the time being in issue.

4. (1) An offer of Ordinary Shares under this Scheme shall be personal to the Offeree to whom it is made and non-assignable and must be accepted in writing in such manner as the Board may prescribe within twenty-eight days of the same being made and if not so accepted shall lapse. An offer may be accepted in part.

(2) No Scheme Shares shall be allotted to the legal personal representatives of a Participant in the event of the death of the Participant before the date when those Shares would otherwise be allotted.

5. A Participant shall pay up 1 per cent. of the Subscription Price of the Ordinary Shares accepted by him within twenty-eight days of the offer as aforesaid. Such sum shall be appropriated as nearly as may be *pro rata* to the nominal amount of the Ordinary Shares so accepted and to premium (if any). The Ordinary Shares so accepted will be allotted and issued to the Participant so as to rank *pari passu* (subject to the provisions of this Scheme) with the Ordinary Shares in issue on the date of the offer. Ordinary Shares issued under this Scheme shall, upon issue, be registered in the name of the Participant.

6. (1) So long as a Scheme Share is partly paid:

(a) the Share shall not confer the right to any dividend;

(b) the Share shall not confer upon the holder thereof any right to attend or vote at any General Meeting of the Company;

(c) no transfer of the Share shall be registered without the consent of the Board which consent shall only be given in exceptional circumstances.

(2) A Scheme Share shall confer the right to participate in capitalisation issues of the Company as though it were a fully paid Ordinary Share.

7. (1) A Participant shall be entitled to pay up the amount unpaid on any of his Scheme Shares:

(a) if not less than five years shall have elapsed from the date of issue of the Shares to be so paid up;

(b) if the Participant shall have ceased to be employed by the Group by reason of retirement through ill-health or incapacity or at or after normal retirement age or of redundancy or of the company by which he is employed ceasing to be a member of the Group.

(2) A Participant shall be entitled to pay up the amount unpaid on all (but not some) of his Scheme Shares at any time:

(a) if there shall be outstanding an offer made to the holders of Ordinary Shares whereunder the Company may, or shall have, become a subsidiary (as defined by Section 154 of the Companies Act 1948) of the offeror; or

(b) within six months of such an offer becoming unconditional; or

(c) if a meeting of the holders of Ordinary Shares or of the Company shall have been convened for the purpose of approving a scheme of arrangement pursuant to Section 206 of the Companies Act 1948 whereunder the Company may become a subsidiary as aforesaid of another company and within six months of the effective date of such scheme.

(3) The legal personal representatives of a Participant shall be entitled to pay up the amount unpaid on all (but not some) of the Participant's Scheme Shares at any time after the death of the Participant.

(4) The Board shall be entitled to make a call on all or any of the Scheme Shares of a Participant:

(a) at any time after the Participant is entitled to pay up the amount unpaid pursuant to sub-clause (1) of this Clause provided that at the date of the making thereof the Current Market Price is equal to not less than 125 per cent. of the Subscription Price of the Scheme Shares in respect of which the call is made;

(b) at any time after the elapse of ten years from the date of issue of the Scheme Shares upon which a call is to be made provided that at the date of the making thereof the Current Market Price shall be in excess of the Subscription Price of the Shares in respect of which the call is made;

(c) at any time after the Participant shall have ceased to be employed by the Group otherwise than in circumstances which fall within (d) below;

(d) if not less than two years shall have elapsed since the death of the Participant or since the Participant ceased to be an employee of the Group by reason of retirement through ill-health or incapacity or at or after normal retirement age or of redundancy or upon the company by which he is employed ceasing to be a member of the Group.

(5) The Board shall make a call on all Scheme Shares which shall have been held by a Participant for a period of fifteen years from the date of issue thereof and such call shall be made within thirty days of the expiry of such period.

(6) Notwithstanding anything in the provisions of this Scheme, the amount payable on a call pursuant to any of paragraphs (c) and (d) of sub-clause (4) and sub-clause (5) of this Clause in respect of any Scheme Share the Subscription Price for which exceeds the Current Market Price of such Share on the business day immediately prior to the relevant call shall be limited to such Current Market Price less the amount already paid in respect of that Share (but in the case of any such amount as shall have been appropriated to share premium account only so much thereof as shall not result in the Share being issued at a discount).

(7) Any call or payment by a Participant made pursuant to this Clause shall be for, or amount to (as the case may be), the whole but not part of the balance of the amount payable in respect of the relevant Scheme Shares and, in the case of such a call, the same shall be deemed to be a call duly made for all the purposes of the Articles of Association of the Company.

(8) All calls made by the Board pursuant to this Clause shall be made so as to become payable six months after the date when the resolution of the Board authorising the call was passed.

(9) The decision of the Board as to whether a Participant has retired through ill-health or incapacity or ceased to be employed by reason of redundancy shall be conclusive for the purposes of this Scheme.

(10) The Company acting by the Board shall not be entitled to make calls on Scheme Shares otherwise than under the provisions of this Scheme.

8. (1) Capitalisation Shares shall be subject to the following restrictions which (subject to Clause 10(3) hereof) shall apply until the Scheme Shares from which they derive become fully paid up:—

(a) such Capitalisation Shares shall not confer the right to any dividend;

(b) Capitalisation Shares shall not confer upon the holder thereof any right to attend or vote at any General Meeting of the Company;

(c) no transfer of any Capitalisation Shares shall be registered without the consent of the Board which consent shall only be given in exceptional circumstances.

(2) The Participant shall not be entitled to renounce any Capitalisation Shares and accordingly all Capitalisation Shares allotted to the Participant shall be registered in his name in the Register of Members of the Company.

9. In the event of the Company allotting Ordinary Shares to shareholders for subscription for cash by way of rights Participants will be entitled to take up the relevant number of such Ordinary Shares at the same price as they are offered to other shareholders of the Company on making payment of 1 per cent. of that price. The Ordinary Shares so taken up will on allotment become Scheme Shares and the provisions of this Scheme relating to Scheme Shares will apply to them. The balance of the price of the Ordinary Shares so taken up will be payable with the balance of the Subscription Price of the relevant Scheme Shares.

10. (1) Scheme Shares shall be liable to forfeiture in accordance with Articles 20 to 26 (inclusive) of the Company's Articles of Association.

(2) The Company shall have a first and paramount lien not only on all Scheme Shares issued to the Participant but also on all Capitalisation Shares derived from Scheme Shares for all moneys (whether presently payable or not) called or payable at a fixed time in respect of the said Scheme Shares in accordance with Clause 7 hereof.

(3) All the provisions of Articles 27 and 28 of the Company's Articles of Association shall apply in respect of the lien conferred by sub-clause (2) hereof but in the event of any Capitalisation Shares being sold in accordance with the said provisions none of the restrictions provided for by Clause 8(1) hereof shall thereafter apply to the Capitalisation Shares so sold.

11. If an order is made or an effective resolution is passed for the winding up of the Company, the Company by its liquidator shall, notwithstanding any other provisions of this Scheme, be entitled to make a call on the Scheme Shares for an amount equal to (but not exceeding) the amount remaining unpaid of the nominal amount of such shares.

12. The Company will be entitled to retain the documents of title to Scheme Shares and Capitalisation Shares derived therefrom until such Scheme Shares become fully paid up. Until Scheme Shares issued to the Participant have become fully paid up as aforesaid the Participant shall not, without the written permission of the Board, mortgage, pledge or otherwise encumber any of such Scheme Shares or the Capitalisation Shares derived therefrom or be entitled to call upon the Company to deliver up to him any of the documents of title thereto.

13. No Scheme Shares or Capitalisation Shares shall be capable of being quoted or dealt in on any Stock Exchange but within not more than two months of the Scheme Shares becoming fully paid up the Company shall make application to the Council of The Stock Exchange, London and to any other Stock Exchange on which the Ordinary Shares are for the time being quoted or listed, for permission to deal in and for quotation for or for a listing of (as the case may be) the Shares so paid up and any Capitalisation Shares derived therefrom. Upon the Scheme Shares becoming paid up as aforesaid, they and the said Capitalisation Shares shall rank *pari passu* in all respects with the Ordinary Shares then in issue.

14. The rights and obligations of a Participant under his terms of employment with the Company or any Subsidiary shall not be affected by his participation in this Scheme and this Scheme shall afford a Participant no additional right to compensation or damages in consequence of the termination of his employment for any reason whatsoever.

15. This Scheme shall be administered under the direction of the Board which may make rules for the conduct of this Scheme, being consistent with the terms hereof, as it thinks fit. The Board's decision on any matter concerning this Scheme shall be final and binding.

16. The definition of Offeree, the basis of the definition of the Subscription Price and the provisions of Clauses 2, 3, 6, 7, 8 and 9 are unalterable save by an Ordinary Resolution of the Company. Subject thereto and without prejudice to the subsisting rights of a Participant, the Board may from time to time by resolution amend all or any of the provisions of this Scheme whether retrospectively or otherwise.

Consolidated Gold Fields Limited

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held at THE CHARTERED INSURANCE INSTITUTE, 20 ALDERMANBURY, LONDON EC2 on TUESDAY, 23 NOVEMBER 1971 at 11.35 A.M. (or so soon thereafter as the Meeting of the holders of the 7 per cent. Second Cumulative Preference Shares of £1 each in the Company to be held at the same place on the same day at 11.32 A.M. shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as SPECIAL RESOLUTIONS:

RESOLUTION No. 1

That the regulations contained in the printed document produced to this Meeting and signed for identification by the Chairman be adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association.

RESOLUTION No. 2

That subject to the passing of Resolution No. 1 set out in the Notice convening this Meeting, the Articles of Association of the Company be amended by inserting in Article 45 a new sub-paragraph (3)(f) as follows:—

"(f) if the percentage of the equity share capital of a subsidiary which is attributable to the Company (after allowing for the proportionate interest of the Company in any intermediate subsidiary) is less than 100 the same percentage only of the total amounts borrowed by the first mentioned subsidiary shall be deemed to be borrowed moneys."

RESOLUTION No. 3

That

(A) the Gold Fields' Share Incentive Scheme set out in the document produced to this Meeting and signed for identification by the Chairman be approved and adopted to the intent that such approval and adoption shall, so far as is requisite, operate by way of amendment to the Articles of Association of the Company.

(B) the voting by Directors on any matters connected with the said Gold Fields' Share Incentive Scheme be hereby authorised notwithstanding that they may be interested in the same and the prohibition on interested Directors voting contained in the Articles of Association of the Company be hereby relaxed to that extent accordingly.

By Order of the Board
J. R. Stewardson
Secretary

30 *October* 1971
49 Moorgate,
London, EC2R 6BQ

NOTES: (1) All Members are entitled to attend the above Meeting. Holders of Preference Shares only are not entitled to vote on Resolution No. 1 and Resolution No. 3.

(2) A Member entitled to attend and vote at the above Meeting may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a Member of the Company.

Brown Knight & Truscott Ltd.